



Ontario

Ministry of Finance

Public Accounts of Ontario

**Financial Statements of
Crown Corporations,
Boards, Commissions**

1998-1999

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VOLUME 2



Ministry of Finance



Public Accounts of Ontario

**Financial Statements of
Crown Corporations,
Boards, Commissions**

1998-1999

VOLUME 2

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**MINISTERIAL RESPONSIBILITY FOR
ENTERPRISES, SERVICE ORGANIZATIONS, TRUSTS & OTHER**

Minister of Agriculture, Food and Rural Affairs

Agricorp

Attorney General

The Public Guardian and Trustee for the Province of Ontario

Minister of Citizenship, Culture, and Recreation

Ontario Educational Communications Authority (TV Ontario)

Metropolitan Toronto Convention Centre Corporation

Minister of Consumer and Commercial Relations

Liquor Control Board of Ontario

Minister of Economic Development Trade and Tourism

Ontario Development Corporation

Niagara Parks Commission

Ontario Place

Minister of Energy, Science and Technology

Ontario Clean Water Agency

Minister of Environment

Ontario Hydro

Minister of Finance

Deposit Insurance Corporation of Ontario

Motor Vehicle Accident Claims Fund

Ontario Financing Authority

Ontario Securities Commission

Provincial Judges Pension Board

Losses deleted from the accounts

Revenue remissions of \$1,000 or more

Minister of Health

Cancer Care Ontario

Minister of Municipal Affairs and Housing

Ontario Housing Corporation

Minister of Labour

Workplace Safety and Insurance Board

Chair of Management Board of Cabinet

Ontario Casino Corporation

Ontario Lottery Corporation

Ontario Pension Board

Ontario Realty Corporation

Minister of Natural Resources

Algonquin Forestry Authority

Minister of Northern Development and Mines

Northern Ontario Heritage Fund Corporation

Ontario Northland Transportation Commission

Minister of Transportation

Ontario Transportation Capital Corporation

Toronto Area Transit Operating Authority

A GUIDE TO PUBLIC ACCOUNTS

1. SCOPE OF THE PUBLIC ACCOUNTS

The 1998-99 Public Accounts of the Province of Ontario comprise the financial statements and three volumes:


Volume 1 contains the Consolidated Revenue Fund schedules and Ministry statements. The Consolidated Revenue Fund reflects the financial activities of the government's ministries on a modified cash basis.

Volume 2 contains the financial statements of significant provincial crown corporations, boards and commissions which are part of the government's reporting entity and other miscellaneous financial statements.

Volume 3 contains the details of expenditure and the Ontario Public Sector salary disclosure.

2. A GUIDE TO VOLUME 2 OF THE PUBLIC ACCOUNTS

The financial statements of the selected crown corporations, boards and commissions are for fiscal periods ending within the Province's own fiscal period April 1, 1998 to March 31, 1999. They are presented in the same detail as the approved, audited financial statements and as nearly as possible in the same form. The statements have been presented in the order shown in the Table of Contents. In addition, a listing is provided which groups the crown corporations, boards and commissions by ministerial responsibility.



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ONTARIO PUBLIC SECTOR SALARY DISCLOSURE

The *Public Sector Salary Disclosure Act* requires employers in the public sector to disclose the names, positions, salaries and taxable benefits of employees paid \$100,000 or more in the previous calendar year. One of the requirements is to include the information with their annual report or financial statements.

The employees of the following enterprises, organizations, trusts and ministry employees are paid through the Ontario government payroll system. Therefore, any employees paid \$100,000 or more in 1998 are listed in the OPS listing in Volume 3 of the Public Accounts:

Algonquin Forestry Authority
Ontario Development Corporation
Ontario Housing Corporation
Ontario Place
Ontario Realty Corporation
Motor Vehicle Accident Claims Fund
Provincial Judges Pension Fund
The Public Guardian and Trustee for the Province of Ontario

The following enterprises, organizations and trusts had no employees who were paid \$100,000 or more in 1998:

Northern Ontario Heritage Fund Corporation

For enterprises, organizations and trusts who have employees who were paid \$100,000 or more in 1998, the listing required by the Act is included with their financial statements in this volume.

ENTERPRISES

Office of the
Provincial Auditor
of Ontario



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vérificateur provincial
de l'Ontario

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Auditor's Report

To the Members, Algonquin Forestry Authority,
and to the Minister of Natural Resources

I have audited the balance sheet of the Algonquin Forestry Authority as at March 31, 1999 and the statements of operations, forest renewal account, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in black ink, reading "K.W. Leishman".

Toronto, Ontario
June 3, 1999

K.W. Leishman, CA
Assistant Provincial Auditor

Algonquin Forestry Authority

Balance Sheet

March 31 1999 1998

Assets

Current

Cash (Note 3)	\$ 5,160,940	\$ 4,695,335
Receivables	1,736,834	3,223,815
Due from Consolidated Revenue Fund	162,658	-
Inventory	242,503	449,230
Prepays	<u>2,672</u>	<u>12,627</u>
	7,305,607	8,381,007

Property and equipment (Note 4)	<u>1,608,266</u>	<u>1,621,764</u>
	<u>\$ 8,913,873</u>	<u>\$10,002,771</u>

Liabilities

Current

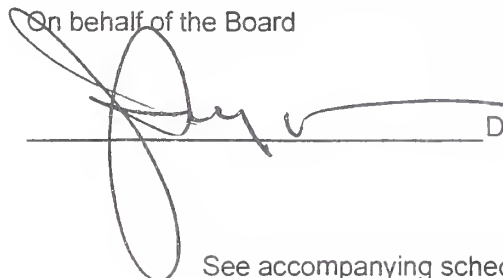
Payables and accruals	\$ 331,260	\$ 662,037
Contractors' performance holdbacks	24,556	68,361
Due to Consolidated Revenue Fund	<u>-</u>	<u>1,046,751</u>
	355,816	1,777,149

Deferred contributions (Note 5)	54,710	372,736
Deferred contributions related to forest renewal activity (Note 6)	<u>1,156,057</u>	<u>903,845</u>
	1,210,767	1,276,581

Net assets

Invested in capital assets	1,608,266	1,621,764
Restricted for forest renewal activity (Note 3)	1,850,290	1,715,095
Unrestricted	<u>3,888,734</u>	<u>3,612,182</u>
	7,347,290	6,949,041
	<u>\$ 8,913,873</u>	<u>\$10,002,771</u>

On behalf of the Board

 Director

 Director

See accompanying schedule and notes to the financial statements.

Algonquin Forestry Authority

Statement of Operations

Year Ended March 31

1999

1998

Revenue

Product sales	\$ 14,898,095	\$ 12,254,655
Standing timber sales	1,435,045	1,645,459
Other	<u>577,465</u>	<u>485,861</u>
	<u>16,910,605</u>	<u>14,385,975</u>

Expenditure

Logging and distribution costs	10,460,717	8,591,777
Crown timber stumpage charges	4,025,068	3,742,897
Public access road maintenance	366,524	328,703
Wood measurement	163,656	170,105
Operations planning	<u>116,151</u>	<u>15,519</u>
	<u>15,132,116</u>	<u>12,849,001</u>

Operating income

<u>1,778,489</u>	<u>1,536,974</u>
------------------	------------------

Administrative and other

Salaries and benefits	939,755	885,169
Depreciation and amortization	370,332	324,859
Office supplies and expenses	64,535	59,719
Office rent	35,868	41,243
Directors' allowances and expenses	25,555	17,615
Staff travel and training	20,683	21,281
Public relations	10,786	7,552
Insurance	9,855	13,939
Consulting, legal and miscellaneous	2,987	70,620
Interest	<u>244</u>	<u>5,057</u>
	<u>1,480,600</u>	<u>1,447,054</u>

Net income for the year

<u>\$ 297,889</u>	<u>\$ 89,920</u>
-------------------	------------------

See accompanying schedule and notes to the financial statements.

Algonquin Forestry Authority

Schedule - Forest Renewal Account

Year Ended March 31	1999	1998
Revenue		
Forest renewal charges	\$ 1,134,665	\$ 1,098,931
Consulting and other	<u>100,360</u>	<u>65,095</u>
	<u>1,235,025</u>	<u>1,164,026</u>
Expenditure		
Equipment rentals	220,061	116,731
Wages and benefits	199,004	212,080
Subcontractors - tree marking and other	192,671	167,986
Stand improvement	123,380	223,567
Materials	78,936	66,634
Vehicle costs	25,602	27,234
Paint	15,914	21,635
Board and provisions	<u>9,242</u>	<u>9,229</u>
	<u>864,810</u>	<u>845,096</u>
Operating income	<u>370,215</u>	<u>318,930</u>
Administrative and other		
Salaries and benefits	182,491	174,479
Depreciation	34,835	46,199
Staff training	18,648	3,400
Office rent	13,349	11,820
Office expenses	6,537	7,599
Public relations	5,795	2,701
Insurance	5,376	7,133
Staff travel and relocation	<u>2,824</u>	<u>504</u>
	<u>269,855</u>	<u>253,835</u>
Net income for the year	<u>\$ 100,360</u>	<u>\$ 65,095</u>

See accompanying notes to the financial statements.

Algonquin Forestry Authority

Statement of Changes in Net Assets

Year Ended March 31 1999 1998

	Invested In Capital Assets	Restricted For Forest Renewal Activity	Unrestricted	Total	Total
Balance, beginning of year	\$ 1,621,764	\$ 1,715,095	\$ 3,612,182	\$ 6,949,041	\$6,794,026
Net income (loss) for the year	(405,167)	135,195	668,221	398,249	155,015
Investment in capital assets	391,669	—	(391,669)	—	—
Balance, end of year	<u>\$ 1,608,266</u>	<u>\$ 1,850,290</u>	<u>\$ 3,888,734</u>	<u>\$ 7,347,290</u>	<u>\$6,949,041</u>

See accompanying schedule and notes to the financial statements.

Algonquin Forestry Authority

Statement of Cash Flows

Year Ended March 31	1999	1998
Cash derived from (applied to)		
Operating		
Net income for the year:		
Algonquin Forestry Authority	\$ 297,889	\$ 89,920
Forest Renewal Account (Schedule)	100,360	65,095
Add (deduct): non-cash items		
Depreciation and amortization	405,167	371,058
Gain on sale of property and equipment	(9,607)	(20,252)
	<u>793,809</u>	<u>505,821</u>
Change in non-cash operating working capital	<u>119,672</u>	<u>30,022</u>
	<u>913,481</u>	<u>535,843</u>
Financing		
Deferred contributions	<u>(65,814)</u>	<u>599,266</u>
Investing		
Acquisition of fixed assets	(391,669)	(354,796)
Proceeds on sale of property and equipment	<u>9,607</u>	<u>20,252</u>
	<u>(382,062)</u>	<u>(334,544)</u>
Increase in cash	465,605	800,565
Cash, beginning of year	<u>4,695,335</u>	<u>3,894,770</u>
Cash, end of year	<u>\$ 5,160,940</u>	<u>\$ 4,695,335</u>

See accompanying schedule and notes to the financial statements.

Algonquin Forestry Authority

Notes to the Financial Statements

March 31, 1999

1. Purpose of the organization

The Authority is responsible for forest management in Algonquin Provincial Park. The Authority is a Crown Agency which was established by the Ontario Government on January 4, 1975 under the Algonquin Forestry Authority Act, 1974. The Authority is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies

Revenue recognition

The Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenue from product and standing timber sales and forest renewal charges are recognized when the wood is delivered. Consulting and other income is recognized as revenue when earned.

Inventories

Inventories are valued on the first in, first out basis at the lower of cost or net realizable value.

Property and equipment

Property and equipment are recorded at cost. Depreciation is provided on a straight-line basis, using rates of 10% per annum for furniture, fixtures, technical equipment, bridges, buildings and leasehold improvements, 20% per annum for data processing equipment and 33 1/3% per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of 10 years. Forest renewal assets are depreciated and amortized at the same rates as the assets mentioned above.

Algonquin Forestry Authority

Notes to the Financial Statements

March 31, 1999

3. Forest Renewal Account

Effective April 1, 1997, the Authority entered into a 20 year agreement with the Ministry of Natural Resources to perform forest management activities, including silvicultural work. Funding, on a cost recovery basis, for these activities is derived from the Forest Renewal charge of the Crown Stumpage Matrix as prescribed under the Crown Forest Sustainability Act.

The agreement also provided for a transfer of \$1,500,000 from unrestricted net assets to the Forest Renewal Account, which took place during 1998. The Authority is required to maintain, at a minimum, this amount in the Forest Renewal Account.

4. Property and equipment

			<u>1999</u>	<u>1998</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 82,617	\$ 53,135	\$ 29,482	\$ 25,705
Data processing equipment	151,842	116,104	35,738	51,588
Bridges and buildings	38,679	21,437	17,242	19,279
Technical equipment	196,039	173,922	22,117	33,860
Automotive equipment	250,759	182,417	68,342	89,276
Capital roads	3,946,862	2,565,031	1,381,831	1,340,504
Leasehold improvements	38,326	30,053	8,273	9,511
Forest renewal assets	432,101	386,860	45,241	52,041
	<u>\$ 5,137,225</u>	<u>\$ 3,528,959</u>	<u>\$ 1,608,266</u>	<u>\$ 1,621,764</u>

5. Deferred contributions

Deferred contributions represent unspent resources externally restricted for public access road maintenance received in the current period and which relate to expenses of future periods. Changes in the deferred contributions balance are as follows:

	<u>1999</u>	<u>1998</u>
Beginning balance	\$ 372,736	\$ —
Add: amount received in the year	49,345	380,000
Less: amount recognized as revenue in the year	(367,371)	(7,264)
Ending balance	<u>\$ 54,710</u>	<u>\$ 372,736</u>

Algonquin Forestry Authority

Notes to the Financial Statements

March 31, 1999

6. Deferred contributions related to forest renewal activity

Deferred contributions related to forest renewal activity represent unspent resources externally restricted for Forest Renewal Account activities received in the current period and which relate to expenses of future periods. Changes in the deferred contributions balance are as follows:

	<u>1999</u>	<u>1998</u>
Beginning balance	\$ 903,845	\$ 677,315
Add: amount received in the year	1,386,877	1,325,461
Less: amount recognized as revenue in the year	<u>(1,134,665)</u>	<u>(1,098,931)</u>
Ending balance	<u>\$ 1,156,057</u>	<u>\$ 903,845</u>

7. Pension plan

The Authority provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) established by the Province of Ontario.

The Authority's contributions related to the pension plan for the year were \$75,871 (1998 - \$174,420) and are included in salaries and benefits in the Statement of Operations and the Schedule - Forest Renewal Account.

8. Remuneration of appointments

Total remuneration of the Board members of the Authority was \$11,700 during the 1999 fiscal year (1998 - \$7,500).

9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Authority's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Authority, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Office of the
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Auditor's Report

To the Liquor Control Board of Ontario
and to the Minister of Consumer and Commercial Relations

I have audited the balance sheet of the Liquor Control Board of Ontario as at March 31, 1999 and the statements of income and retained income and of cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1999, the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
June 11, 1999

A handwritten signature in black ink, reading "Erik Peters".

Erik Peters, FCA
Provincial Auditor


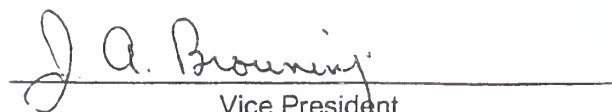
LIQUOR CONTROL BOARD OF ONTARIO**Balance Sheet**
As at March 31, 1999

	1999 (\$000's)	1998 (\$000's)
<u>ASSETS</u>		
Current		
Cash and short-term investments (Note 3)	24,578	19,029
Accounts receivable, trade and others	6,061	12,446
Inventories	236,292	193,434
Prepaid expenses	8,843	5,811
	<u>275,774</u>	<u>230,720</u>
Long-term		
Capital assets (Note 4)	<u>148,183</u>	<u>132,958</u>
	<u>423,957</u>	<u>363,678</u>
<u>LIABILITIES AND RETAINED INCOME</u>		
Liabilities		
Accounts payable and accrued liabilities	210,029	179,175
Retained income	<u>213,928</u>	<u>184,503</u>
	<u>423,957</u>	<u>363,678</u>

Commitments (Note 5)

See accompanying notes to financial statements.

Approved:


Chair and Chief Executive Officer
Vice President
Finance and Administration

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income and Retained Income
Year Ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Sales and other income	2,349,832	2,160,843
Costs and expenses		
Cost of sales	1,165,849	1,064,286
Retail stores and marketing	276,554	249,747
Warehousing and distribution	37,917	38,293
Administration	34,507	38,947
Amortization	25,580	24,666
	<u>1,540,407</u>	<u>1,415,939</u>
Net income for the year	809,425	744,904
Retained income, beginning of year	<u>184,503</u>	<u>184,599</u>
	993,928	929,503
Deduct:		
Dividend paid to Province of Ontario	776,000	745,000
Payment to municipalities on behalf of the Province of Ontario (Note 9)	<u>4,000</u>	<u>—</u>
	780,000	745,000
Retained income, end of year	<u><u>213,928</u></u>	<u><u>184,503</u></u>

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO
Statement of Cash Flows
Year Ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Cash provided from Operations		
Net income	809,425	744,904
Amortization	25,580	24,666
Gain on sale of capital assets	(540)	(63)
	<u>834,465</u>	<u>769,507</u>
Change in working capital	(8,651)	(29,537)
	<u>825,814</u>	<u>739,970</u>
Cash used for investment activities		
Purchase of capital assets	(40,958)	(25,654)
Proceeds from sale of capital assets	693	130
	<u>(40,265)</u>	<u>(25,524)</u>
Cash used for dividend paid to Province of Ontario	(776,000)	(745,000)
Cash used for payment to municipalities on behalf of the Province of Ontario	<u>(4,000)</u>	<u> </u>
Increase (Decrease) in cash during the year	5,549	(30,554)
Cash and short-term investments, beginning of year	<u>19,029</u>	<u>49,583</u>
Cash and short-term investments, end of year	<u><u>24,578</u></u>	<u><u>19,029</u></u>

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO**Notes to Financial Statements
March 31, 1999**

1. NATURE OF THE CORPORATION

The Liquor Control Board of Ontario (Board) is a corporation without share capital incorporated under the *Liquor Control Act*, R.S.O. 1990, Chapter L.18. The corporation is a government enterprise responsible for regulating the production, importation, distribution and sale of alcoholic beverages in the Province of Ontario. As an Ontario Crown Corporation, the Board is exempt from income taxes under Section 149(1)(d) of the *Canadian Income Tax Act*. The Board transfers most of its profits to the Consolidated Revenue Fund in the form of a dividend.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

The Board's financial statements are prepared in accordance with generally accepted accounting principles.

(b) Inventories

At March 31, 1999 inventories are valued at the lower of cost and net realizable value with cost being determined by the moving average cost method.

(c) Capital Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are amortized on a straight-line basis according to their estimated useful lives, as follows:

Buildings	20 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years
Computer Equipment	3 years

Minor capital expenditures and the expenditures for repairs and maintenance are charged to income.

3. CASH AND SHORT-TERM INVESTMENTS

The Board's investment policy restricts short-term investments to high liquidity, high grade money market instruments such as federal/provincial treasury bills, banker's acceptances and term deposits.

Cash and short-term investments include \$15.5 million (1998 - \$13 million) of investments maturing within one year, yielding 5.1% (1998 - 4.95%) on average, with a market value that approximates carrying value.

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements
March 31, 1999

4. CAPITAL ASSETS

	1999 (\$000's)		1998 (\$000's)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	13,848	—	13,848	13,941
Buildings	244,292	165,218	79,074	81,481
Furniture and fixtures	33,820	28,157	5,663	4,839
Leasehold improvements	78,585	55,663	22,922	15,698
Computer equipment	<u>78,266</u>	<u>51,590</u>	<u>26,676</u>	<u>16,999</u>
	<u>448,811</u>	<u>300,628</u>	<u>148,183</u>	<u>132,958</u>

5. LEASE COMMITMENTS

The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000's)
2000	23,600
2001	20,809
2002	17,421
2003	13,867
2004	10,496
Thereafter	<u>56,382</u>
	<u>142,575</u>

6. PENSION PLAN

The Board provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario.

The Board's expense related to the PSPF and the OPSEU Pension Fund for the year was \$9.9 million (1998 - \$14.4 million) and is included in Costs and expenses in the Statement of Income and Retained Income.

7. HEDGING

The Board has entered into forward foreign exchange contracts to manage the foreign exchange risk associated with its purchases from foreign suppliers. A forward foreign exchange contract is an agreement between two parties to set exchange rates in advance.

LIQUOR CONTROL BOARD OF ONTARIO**Notes to Financial Statements****March 31, 1999**

7. HEDGING (CONTINUED)

As at March 31, 1999 the Board had \$1,485,000 (1998 - \$nil) forward foreign exchange contracts outstanding.

Credit risk is the risk that a party to a forward foreign exchange contract will fail to discharge its obligation and cause the Board to incur financial loss. The Board minimizes credit risk by only dealing with major Canadian Chartered banks and Canadian subsidiaries of major foreign banks.

8. YEAR 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors or systems failures when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on the Board's operations and financial reporting may range from minor errors to significant systems failure, which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Board, including those related to the efforts of its customers, suppliers, or other third parties to be Year 2000 compliant, will be fully resolved on a timely basis.

9. PAYMENT TO MUNICIPALITIES

The Board was directed by Cabinet to contribute \$4.0 million in 1998/99, directly to municipalities, based upon a funding formula developed by the Ministry of the Environment (MOE). This contribution is to support MOE's waste diversion program. Cabinet further directed that \$5.0 million be paid in each of the fiscal years 1999/2000 and 2000/2001.

RECORD OF EMPLOYEES' 1998 SALARIES AND BENEFITS

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	OPS	MCCR	Corke	Sue E.	ADM, Business Division	\$109,921.40	\$314.28
1998	OPS	MCCR	Daniels	Art F.	ADM, OPS Restructuring Secretariat	\$137,016.76	\$351.36
1998	OPS	MCCR	Evans	James M.	Project Executive, Ont. Bus. Connects	\$129,272.65	\$344.80
1998	OPS	MCCR	Georgas	Despina H.	ADM, Registration Division	\$125,765.40	\$344.80
1998	OPS	MCCR	Gibson	Ann	Solicitor, Ontario Racing Commission	\$104,414.60	\$298.56
1998	OPS	MCCR	Hundeck	Peter W.	ADM, Information Technology Division	\$114,367.56	\$320.32
1998	OPS	MCCR	Lewis	Clare E.	Chair, Alcohol & Gaming Comm. of Ont.	\$124,386.76	\$355.80
1998	OPS	MCCR	McClure	George Kent	Chair, Comm. Reg. Appeal Tribunal	\$104,694.36	\$299.40
1998	OPS	MCCR	Meslin	Eleanor	ADM, Corporate Services Division	\$132,088.16	\$351.36
1998	Agencies	LCBO	Brandt	Andrew S.	Chair & CEO	\$104,054.91	\$391.84
1998	Agencies	LCBO	Sherwood	Gar	Vice President, Retail.	\$158,648.53	\$472.42
1998	Agencies	LCBO	Gee	Larry C.	Executive Vice President	\$158,134.34	\$584.60
1998	Agencies	LCBO	Kane	Murray	Vice President, Human Resources	\$143,647.65	\$457.64
1998	Agencies	LCBO	Browning	Alex	Vice President, Finance & Admin.	\$158,648.53	\$472.42
1998	Agencies	LCBO	Wilcox	Dave	Vice President, Merchandising	\$161,893.14	\$476.74
1998	Agencies	LCBO	Dutton	Rob	Director, Financial Plan. & Econo. Dev.	\$100,635.57	\$365.20
1998	Agencies	LCBO	Kennedy	Bill	Director, Corporate Communications	\$113,709.44	\$381.02
1998	Agencies	LCBO	Clute	Peter	Seconded to Min. of Finance	\$110,287.35	\$423.20
1998	Agencies	LCBO	Green	Michael	Lawyer	\$102,123.42	\$148.14
1998	Agencies	LCBO	Tattle	Wendy	Lawyer	\$102,120.58	\$379.98
1998	Agencies	LCBO	Yazajian	Levon	Director, General Audit	\$100,290.56	\$340.50
1998	Agencies	LCBO	Kelly	Hugh	Vice President, Information Technology	\$144,874.61	\$460.48
1998	Agencies	LCBO	Martin	Ian	Vice President, Logistics	\$143,647.65	\$457.64
1998	Agencies	LCBO	Ecker	Roy	Director, Store Operations	\$100,107.65	\$363.52

RECORD OF EMPLOYEES' 1998 SALARIES AND BENEFITS

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	Agencies	LCBO	Flynn	Larry	Director, Store Operations	\$100,891.51	\$365.20
1998	Agencies	LCBO	Buck	Peter	Director, Human Resources Services	\$100,909.97	\$344.56
1998	Agencies	LCBO	Hartley	Ann	Director, Product Management	\$100,635.76	\$365.20
1998	Agencies	AGCO	Brown	Duncan	Executive Director	\$169,995.93	\$6,808.72
1998	Agencies	AGCO	Cooper	Jerry	Director, Legal Services	\$100,961.49	\$704.52
1998	Agencies	AGCO	Tocher	Barry	Director, Licensing & Registration	\$124,890.57	\$751.38

I certify that the information provided on this Record is correct in accordance with the Public Sector Salary Disclosure Act, 1996.

Name

Team Leader, Employee Services

Position Title

(416)326-8894

March 15, 1999

Phone Number

Date

Prepared under the Public Sector Salary Disclosure Act, 1996

Auditors' Report

To the Board of Directors
Metropolitan Toronto Convention Centre Corporation

We have audited the balance sheet of Metropolitan Toronto Convention Centre Corporation as at March 31, 1999 and the statements of revenue and expenses, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

Toronto, Ontario
May 7, 1999

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Balance Sheet

As at March 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT		
Cash	\$ 190,212	\$ 2,056,583
Customer deposits	3,986,319	3,323,691
Accounts receivable	2,601,163	2,949,861
Inventories	247,949	295,621
Prepaid expenses	410,070	415,672
	7,435,713	9,041,428
OTHER ASSETS	512,025	432,089
CAPITAL ASSETS (Note 2)	154,146,626	155,210,220
	\$ 162,094,364	\$ 164,683,737
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,917,980	\$ 3,646,717
Deferred revenue	4,306,667	4,001,407
Current portion of long-term debt (Note 3)	484,466	545,311
	8,709,113	8,193,435
Temporary expansion financing (Note 4)	151,338,841	146,708,991
	160,047,954	154,902,426
ACCRUED EXPANSION COSTS PAYABLE	-	1,738,146
LONG-TERM DEBT (Note 3)	-	484,466
	160,047,954	157,125,038
COMMITMENTS AND CONTINGENCIES (Notes 5,7)		
SURPLUS	2,046,410	7,558,699
	\$ 162,094,364	\$ 164,683,737

APPROVED BY THE BOARD

..... Director

..... Director

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Revenue and Expenses

Year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
REVENUE	\$ 37,566,743	\$ 26,648,175
GROSS OPERATING PROFIT	20,926,342	15,220,145
OPERATING EXPENSES	13,076,107	10,126,565
OPERATING PROFIT BEFORE THE UNDERNOTED ITEMS	7,850,235	5,093,580
EXECUTIVE PENSION CONTRIBUTION	-	458,500
INTEREST EXPENSE	8,852,334	3,204,048
AMORTIZATION (net of reallocation to operating expenses for parking garage of \$133,779; 1998 - \$93,600)	4,510,190	2,280,693
	13,362,524	5,943,241
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (5,512,289)	\$ (849,661)

**METROPOLITAN TORONTO
CONVENTION CENTRE CORPORATION****Statement of Surplus**

Year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
SURPLUS, BEGINNING OF YEAR	\$ 7,558,699	\$ 4,619,273
RELEASE OF RESERVE FOR EXPANSION	-	3,789,087
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(5,512,289)	(849,661)
SURPLUS, END OF YEAR	\$ 2,046,410	\$ 7,558,699

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Statement of Changes in Financial Position

Year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Deficiency of revenue over expenses for the year	\$(5,512,289)	\$(849,661)
Add charge to operations not requiring a current cash payment		
Amortization	4,643,969	2,374,293
	(868,320)	1,524,632
Changes in non-cash working balances related to operations:		
Accounts receivable	348,698	(884,003)
Inventories	47,672	(89,120)
Prepaid expenses	289,206	(301,141)
Accounts payable and accrued liabilities	(220,331)	2,230,886
Deferred revenue (net of customer deposits)	(357,368)	367,147
CASH PROVIDED BY OPERATING ACTIVITIES	(760,443)	2,848,401
CASH USED IN INVESTING ACTIVITIES		
Decrease in short-term investments - restricted	-	3,789,087
Additions to capital assets	(3,452,321)	(546,015)
Additions to expansion	-	(35,397,775)
CASH USED IN INVESTING ACTIVITIES	(3,452,321)	(32,154,703)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Increase in other assets	-	(308,585)
Decrease in accrued expansion costs payable	(1,738,146)	(2,288,227)
Repayment of long-term debt	(545,311)	(1,748,465)
Increase from capitalized interest and temporary expansion financing	10,629,850	36,793,334
Repayment of temporary expansion financing	(6,000,000)	-
CASH PROVIDED BY FINANCING ACTIVITIES	2,346,393	32,448,057
NET (DECREASE) INCREASE IN CASH	(1,866,371)	3,141,755
CASH AT BEGINNING OF YEAR	2,056,583	(1,085,172)
CASH AT END OF YEAR	\$ 190,212	\$ 2,056,583

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to the Financial Statements

March 31, 1999

1. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

All transactions are accounted for on an accrual basis except for provincial grants which are recorded when received. Revenue from the use of the Metropolitan Toronto Convention Centre Corporation's ("Corporation") facilities is recognized when earned.

Inventories

Inventories are recorded at the lower of cost and net realizable value.

Other assets

Deferred development costs, included in other assets, represent expenses, net of pre-operating revenues, earned in the pre-operating period. The amount will be amortized on a straight-line basis over a period of five years, commencing April 1, 1998.

Capital assets

Capital assets which are financed by government grants are shown net of applicable grants.

Expenses, net of any income earned, incurred in connection with the expansion of the convention centre have been capitalized and are included in building. The expansion building is now complete and the capitalized expenses are being amortized over their estimated economic life of fifty years.

All other capital assets are recorded at cost. Amortization for furniture, fixtures and equipment is provided over 5 to 10 years on a straight-line basis. Amortization of leasehold improvements related to the North Building are provided on a straight-line basis over 5 to 20 years.

Deferred revenue

Deferred revenue represents customer deposits received for future use of the Corporation's facilities. Customer deposits meeting specific criteria are deposited into a separate bank account and earn interest to the date of the event. Deposits and interest are applied against the customer's billing.

Financial instruments

The Corporation does not use derivative financial instruments. The carrying value of customer deposits, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. The carrying value of long-term debt approximates fair value as the floating interest rates approximate market interest rates.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to the Financial Statements

March 31, 1999

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension plan

The Corporation maintains a contributory defined benefit pension plan. The plan provides pensions based on length of service and final average earnings.

The cost of pension benefits earned by employees is determined using the projected benefit method prorated on service and is charged to expense as services are rendered. This cost reflects management's best estimates of the pension plan's expected investment yields, salary escalations, mortality of members, terminations and the ages at which members will retire. Adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service lives of the employees.

Income taxes

The Corporation is a Crown agency incorporated under Bill 141, the Metropolitan Toronto Convention Centre Corporation Act, 1988 and is exempt from income taxes.

Use of estimates

The preparation of the Corporation's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

2. CAPITAL ASSETS

	1999			1998
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 224,667,787	\$ 4,505,726	\$ 220,162,061	\$ 221,256,420
Leasehold improvements	23,769,773	16,815,659	6,954,114	8,423,390
Furniture, fixtures and equipment	10,338,687	7,158,853	3,179,834	3,725,523
	258,776,247	28,480,238	230,296,009	233,405,333
Less: Government grants	85,914,604	9,765,221	76,149,383	78,195,113
	\$ 172,861,643	\$ 18,715,017	\$ 154,146,626	\$ 155,210,220

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to the Financial Statements

March 31, 1999

3. LONG-TERM DEBT

	<u>1999</u>	<u>1998</u>
CLC	\$ 484,466	\$ 1,012,970
Ontario Development Corporation	-	16,807
	<u>484,466</u>	<u>1,029,777</u>
Less: current portion	484,466	545,311
	<u>\$ -</u>	<u>\$ 484,466</u>

Canada Lands Corporation (CLC)

The amount due to CLC matures on February 1, 2000, bears interest at prime plus 2% per annum and is repayable in equal monthly instalments of \$44,042 plus accrued interest. Payments commenced on March 1, 1995. The Corporation has the right to prepay the whole (but not part of) the balance plus applicable accrued interest on the first day of any month without notice.

4. TEMPORARY EXPANSION FINANCING

	<u>1999</u>	<u>1998</u>
Ontario Financing Authority	\$ 151,338,841	\$ 146,708,991

The expansion project is being financed by the Ontario Financing Authority through a series of short-term discount promissory notes. The promissory notes outstanding as at March 31, 1999 have effective annual interest rates between 4.79% and 5.25% and maturity dates between April 13, 1999 and June 14, 1999. The expansion was completed in June 1997. The Ontario Financing Authority and the Corporation are in the process of reviewing the options of replacing some or all of this temporary financing facility with term debt at which time principal repayment terms will be finalized. Prior to the 1999 fiscal year, interest was capitalized to the expansion. Interest will continue to be accrued until repayment terms have been finalized. A repayment of \$6,000,000 was made on March 31, 1999 due to a surplus of cash.

The Corporation also has an obligation to fulfill certain commitments relating to the expansion project, and accordingly has issued letters of credit approximating \$4,803,000 (1998 - \$4,878,000) in support of these obligations.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to the Financial Statements

March 31, 1999

5. COMMITMENTS

The Corporation has entered into operating leases of varying terms. Future annual lease payments are as follows:

	<u>Equipment</u>
2000	\$ 954,200
2001	648,804
2002	334,207
2003	195,277
Thereafter	653
	<hr/>
	\$ 2,133,141

The Corporation is committed to make annual rental payments of \$135,900 for the original Convention Centre premises until the lease expires in March 2083. Due to the expansion, the Corporation has also committed to make annual rental payments of \$63,857 for the use of ancillary lands and facilities.

6. PENSION PLAN

The present value of the accrued pension benefits and the market related value of the net assets available to provide for those benefits, as of March 31, 1999 are as follows:

Accrued pension benefits	\$ 3,677,511
Pension fund assets	\$ 5,007,405

The pension cost of \$236,365 (1998 - \$170,763) includes the amortization of net pension assets as at January 1, 1998, over the expected average remaining service life of the employee group. The last actuarial valuation was prepared at December 31, 1996.

7. CONTINGENCIES

There are several claims in respect of the expansion project which, if successful, could result in the net recovery of a portion of the costs related to the project. The outcome of these lawsuits cannot be determined at this time and no estimate of the net amounts recoverable by the Corporation have been accrued.

METROPOLITAN TORONTO CONVENTION CENTRE CORPORATION

Notes to the Financial Statements

March 31, 1999

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Metro Toronto Convention Centre	FERNANDES	ANGELO J.	Executive Chef	\$146,950.00	\$855.00
Metro Toronto Convention Centre	KWOK	ANNIE	Director of Catering	\$179,206.00	\$794.00
Metro Toronto Convention Centre	DOCOUTO	CHARLES	Director of Banquets	\$115,798.00	\$756.00
Metro Toronto Convention Centre	LILLEYMAN	TIM	Director of F & B	\$148,918.00	\$752.00
Metro Toronto Convention Centre	HOUGHTON	JOHN	VP, Sales & Marketing	\$152,900.00	\$7,990.00
Metro Toronto Convention Centre	GOLDENBERG	MARK	VP, Human Resources	\$112,251.00	\$7,156.00

Auditors' Report

To The Niagara Parks Commission, the Minister of Economic Development, Trade and Tourism and the Provincial Auditor

Pursuant to the Niagara Parks Act which provides that The Niagara Parks Commission, an agency of the Crown, shall be audited by the Provincial Auditor or an auditor designated by the Lieutenant Governor in Council, we have audited the balance sheet of The Niagara Parks Commission as at October 31, 1998, and the statements of operations, equity and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An

audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at October 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Crawford, Smith and Swallow
Chartered Accountants LLP
Niagara Falls, Ontario
January 15, 1999

balance sheet

statement 1

OCTOBER 31, 1998

Assets

	1998 \$	1997 \$
Current Assets		
Cash	18,746,408	4,428,079
Temporary investments - -at cost which approximates market value		8,945,640
Accounts Receivable		
Land rent	1,460,410	1,462,006
Sundry	944,379	722,271
Inventories		
Saleable merchandise	3,636,986	3,369,142
Maintenance and other supplies	614,563	598,489
Prepaid expenses	119,297	93,533
	25,522,043	19,619,160
Fixed Assets - note 2	93,961,788	92,005,733
	119,483,831	111,624,893

Liabilities and Equity

Current Liabilities		
Accounts payable	3,691,512	4,097,920
Accrued payroll	545,647	445,750
Current portion of long-term debt		700,000
	4,237,159	5,243,670
Long-Term Debt		1,100,000
Commitments - note 3		
Contingencies - note 4		
Equity - Statement 2	115,246,672	105,281,223
	119,483,831	111,624,893

See accompanying notes

Signed on behalf of the Commission:



Chairman



Vice-chairman

statement of equity

s t a t e m e n t 2

FOR THE YEAR ENDED OCTOBER 31, 1998

	1998 \$	1997 \$
Equity, Beginning of Year	105,281,223	96,597,118
Net Income for the Year (Statement 3)	9,965,449	8,684,105
Equity, End of Year	115,246,672	105,281,223

See accompanying notes

statement of operations

statement 3

FOR THE YEAR ENDED OCTOBER 31, 1998

	1998 \$	1997 \$
Income		
Gift shops, restaurants and attractions - Schedule 1	60,454,897	57,289,986
Land rent	4,951,844	4,888,350
Commissions, rentals and fees	2,504,436	2,229,051
Premium on United States funds - net	582,712	558,875
Interest	474,054	175,470
Gain on disposal of fixed assets - net	44,541	15,870
Sundry income	13,370	9,785
	69,025,854	65,167,387
Expenses		
Gift shops, restaurants and attractions - Schedule 1		
Cost of goods sold	14,864,217	13,965,610
Operating expenses	21,202,086	20,147,734
Depreciation	2,360,781	2,269,243
Maintenance	14,009,726	13,763,930
Administrative and general	3,792,286	3,527,985
Advertising and public relations	1,043,378	696,636
Bank charges and interest	6,958	6,690
Loan interest (including interest on long-term debt of \$ 25,727 (1997 - \$ 28,792))	25,727	70,987
	57,305,159	54,448,815
Net Income for the Year before Depreciation of Non-income Producing Assets and Unusual Item	11,720,695	10,718,572
Depreciation of Non-Income Producing Assets	2,170,246	2,034,467
Net Income before Unusual Item	9,550,449	8,684,105
Unusual Item - note 5	415,000	
Net Income for the Year	9,965,449	8,684,105

See accompanying notes

statement of cash flows

s t a t e m e n t 4

FOR THE YEAR ENDED OCTOBER 31, 1998

	1998 \$	1997 \$
Operating Activities		
Net income for the year	9,965,449	8,684,105
Charges against income not requiring an outlay of funds		
- depreciation	4,621,611	4,399,184
- gain on disposal of fixed assets - net	(44,541)	(15,870)
	14,542,519	13,067,419
Net change in non-cash working capital balances related to operations	(836,705)	(592,523)
Funds provided by operating activities	13,705,814	12,474,896
Investing Activities		
Fixed asset acquisitions	(6,614,498)	(7,433,356)
Proceeds on sale of fixed assets	81,373	56,134
Funds used by investing activities	(6,533,125)	(7,377,222)
Financing Activities		
Repayment of long-term debt	(1,800,000)	(1,600,000)
Increase in Cash Position	5,372,689	3,497,674
Cash Position, Beginning of Year	13,373,719	9,876,045
Cash Position, End of Year	18,746,408	13,373,719
Cash Position		
Cash	18,746,408	4,428,079
Temporary investments		8,945,640
	18,746,408	13,373,719

See accompanying notes

schedule of operations

schedule 1

FOR THE YEAR ENDED OCTOBER 31, 1998

Gift Shops, Restaurants, and Attractions

	1998 \$	1997 \$
Income		
Souvenirs, china and post cards	22,188,940	21,213,010
Food and refreshments	14,315,344	13,987,744
Beer, liquor and wine	1,676,606	1,571,456
Confectionery	2,761,248	2,232,903
Fares and admission	18,318,348	17,328,852
Rentals	397,927	345,604
Sundry	796,484	610,417
	60,454,897	57,289,986
Cost of Goods Sold		
Souvenirs, china and post cards	9,299,502	8,859,030
Food and refreshments	3,692,932	3,535,101
Beer, liquor and wine	450,747	421,954
Confectionery	1,186,221	950,825
Sundry	234,815	198,700
	14,864,217	13,965,610
Gross Profit	45,590,680	43,324,376
Operating Expenses		
Salaries and wages	10,345,906	9,846,051
Employee benefits	2,047,414	1,852,216
Advertising	732,401	810,885
Fuel, power, water and laundry	947,037	930,163
General	2,910,920	2,694,213
Maintenance of buildings, equipment and vehicles	1,912,749	1,955,885
Maintenance of grounds	553,243	515,818
Grants in lieu of municipal taxes	894,179	615,305
Distribution Centre expense	858,237	927,198
	21,202,086	20,147,734
Net Income before Depreciation	24,388,594	23,176,642
Depreciation of Income Producing Assets	2,360,781	2,269,243
Net Income Exclusive of any Portion of the Administrative Overhead of the Commission	22,027,813	20,907,399

See accompanying notes

notes to financial statements

FOR THE YEAR ENDED OCTOBER 31, 1998

I. SIGNIFICANT ACCOUNT POLICIES

Basis of accounting

The financial statements of the Commission are the representations of management prepared in accordance with generally accepted accounting principles in Canada, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fixed assets

All fixed assets are recorded at cost. Depreciation has been recorded using the straight-line method, with rates from 2.5 to 20 per cent for buildings, roadways and structures, 10 to 25 per cent for equipment and furnishing and from 8 to 40 per cent for vehicles.

Financial instruments

The Commission's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Inventories

Inventories of saleable merchandise are valued at lower of cost (first-in, first-out) and net realizable value.

2. FIXED ASSETS

	Cost \$	Accumulated Depreciation \$	1998 \$	1997 \$
Land	12,017,533		12,017,533	11,574,961
Buildings, roadways and structures	110,736,626	36,071,518	74,665,108	73,898,694
Equipment and furnishings	14,443,506	9,120,394	5,323,112	4,439,123
Vehicles	7,439,527	6,532,174	907,353	1,040,999
	144,637,192	51,724,086	92,913,106	90,953,777
Capital works in progress	1,048,682		1,048,682	1,051,956
	145,685,874	51,724,086	93,961,788	92,005,733

notes to financial statements

FOR THE YEAR ENDED OCTOBER 31, 1998

3. COMMITMENTS

The Commission is committed to spending approximately \$2,586,000 on capital projects in the next year.

The Commission has entered into agreements to acquire certain lands in the amount of \$1,400,000.

4. CONTINGENCIES

The Commission is in litigation pertaining to certain claims for which the likelihood of loss is not determinable and the amount not reasonably estimable. Accordingly, no provision for these claims is reflected in the financial statements.

5. UNUSUAL ITEM

The Commission was the recipient of a property known as the Laura Secord Homestead donated for preservation as part of a historical site. This donation is reflected at the fair market value of the parcel received.

6. PENSION PLAN

The Commission provides benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario.

The Commission's obligations related to the PSPF, OPSEU Pension Fund and related obligation to the Province of

Ontario Consolidated Revenue Fund for the year was \$1,378,896 (1997 - \$1,350,370) and is included in the administrative and general expenses in the Statement of Operations and employee benefits in the Schedule of Operations - Gift Shops, Restaurants and Attractions.

7. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

8. SURPLUS FUNDS

Pursuant to Section 16 (2) of the Niagara Parks Act any surplus moneys shall, on the order of the Lieutenant Governor in Council, be paid to the Minister of Finance and shall form part of the Consolidated Revenue Fund.

EMPLOYEES PAID \$100,000, OR MORE IN 1997

Name	Position	Salary Paid	Taxable Benefits
R. W. Tytaneck	General Manager	\$120,329.40	\$2,566.92

Prepared in accordance with the *Public Sector Salary Disclosure Act, 1996*.

AUDITORS' REPORT

To the Board of Directors of Ontario Casino Corporation
and the Chair of Management Board of Cabinet

We have audited the consolidated balance sheet of Ontario Casino Corporation as at March 31, 1999 and the consolidated statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the "K" and ends under the "P", spanning most of the width of the signature.

Chartered Accountants

Toronto, Canada

June 16, 1999

ONTARIO CASINO CORPORATION

Consolidated Balance Sheet
(In thousands of dollars)

March 31, 1999, with comparative figures for 1998

	1999	1998
Assets		
Current assets:		
Cash and short-term investments (note 2)	\$ 245,243	\$ 307,151
Accounts receivable	11,702	10,503
Inventories	4,725	4,042
Prepaid expenditures and other	10,762	8,155
	<u>272,432</u>	<u>329,851</u>
Capital assets (note 3)	733,393	675,341
Pre-opening expenditures, net of accumulated amortization of \$50,031 (1998 - \$45,160)	10,626	23,877
Deferred charges (note 4)	21,555	23,152
Cash and short-term investments held in First Nations investment account (note 5)	254,543	84,197
	<u>\$ 1,292,549</u>	<u>\$ 1,136,418</u>

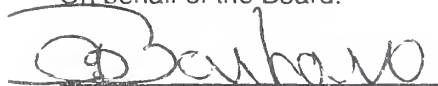
Liabilities and Provincial Equity

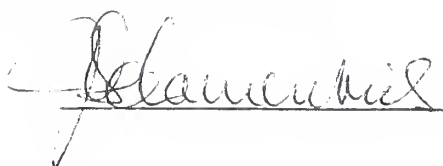
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 128,946	\$ 148,276
Due to Windsor Casino Limited (note 6)	21,922	94,924
Due to Operators (note 6)	48,698	33,876
Current portion of long-term debt (note 7)	9,428	50,572
	<u>208,994</u>	<u>327,648</u>
Long-term debt (note 7)	16,028	24,013
Due to First Nations (note 5)	254,543	84,197
Provincial equity:		
Retained earnings	746,323	645,906
Reserves (note 2)	66,661	54,654
	<u>812,984</u>	<u>700,560</u>
	<u>\$ 1,292,549</u>	<u>\$ 1,136,418</u>

Commitments and contingencies (notes 6, 11 and 12)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

 Director

 Director

ONTARIO CASINO CORPORATION

Consolidated Statement of Operations (In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
Revenues:		
Gaming	\$ 1,979,433	\$ 1,645,001
Non-gaming	191,675	140,115
Investment income	8,481	5,556
	<u>2,179,589</u>	<u>1,790,672</u>
Less promotional allowances	84,302	62,540
	<u>2,095,287</u>	<u>1,728,132</u>
Costs and expenses:		
Gaming:		
Win tax (note 8)	395,865	328,946
Operations	<u>352,371</u>	<u>287,895</u>
	748,236	616,841
Non-gaming	108,739	81,393
Operators' fees (note 6)	98,274	67,541
General and administrative	161,597	141,421
Amortization	94,151	119,973
Lease and rental	17,365	21,141
Interest	7,602	10,604
Other	<u>103,342</u>	<u>40,619</u>
	<u>1,339,306</u>	<u>1,099,533</u>
Net income	<u>\$ 755,981</u>	<u>\$ 628,599</u>

See accompanying notes to consolidated financial statements.

ONTARIO CASINO CORPORATION

Consolidated Statement of Retained Earnings (In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
Retained earnings, beginning of year	\$ 645,906	\$ 222,995
Net income	755,981	628,599
Distributions to the Province of Ontario	(475,524)	(106,988)
Distributions to First Nations investment account (note 5)	(168,033)	(82,525)
Transfers to reserves, net:		
Capital renewals reserve	(6,094)	(5,188)
Operating reserve	(3,441)	(8,732)
Severance reserve	(2,472)	(2,255)
	(12,007)	(16,175)
Retained earnings, end of year	\$ 746,323	\$ 645,906

See accompanying notes to consolidated financial statements.

ONTARIO CASINO CORPORATION

Consolidated Statement of Changes in Financial Position (In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
Cash provided by (used in):		
Operations:		
Net income	\$ 755,981	\$ 628,599
Amortization which does not involve cash	94,151	119,973
Changes in non-cash operating working capital	7,800	73,287
	857,932	821,859
Financing:		
Obligations under capital leases	—	(9,918)
Repayments to Windsor Casino Limited	(73,002)	—
Repayments to Ontario Finance Authority	—	(146,990)
Deferred lease costs	—	3,520
Repayments of long-term debt	(50,965)	(85,911)
Unrealized foreign exchange loss	1,836	1,009
	(122,131)	(238,290)
Investing:		
Acquisition of capital assets	(151,149)	(289,504)
Pre-opening expenditures	(7,622)	—
Deferred charges	(2,337)	(876)
Proceeds on return of Northern Belle Riverboat	6,713	—
Proceeds on disposal	243	204
	(154,152)	(290,176)
Other:		
Distributions to Province of Ontario	(475,524)	(106,988)
Distribution to First Nations investment account	(168,033)	(82,525)
	(643,557)	(189,513)
Increase (decrease) in cash	(61,908)	103,880
Cash, beginning of year	307,151	203,271
Cash, end of year	\$ 245,243	\$ 307,151

Cash is defined as cash and short-term investments.

See accompanying notes to consolidated financial statements.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

Ontario Casino Corporation (the "Corporation") is a Crown agency of the Ontario government and is responsible for conducting and managing Ontario's three commercial casinos. The Corporation commenced active operations on April 1, 1994 and presently operates the following casinos:

Casinos	Commencement of operations
Casino Rama	July 31, 1996
Casino Niagara	December 9, 1996
Casino Windsor - permanent	July 29, 1998

These financial statements combine the assets, liabilities and results of operations of the Corporation and each of the casinos, and consolidate the assets, liabilities and results of operations of Ontario Gaming Assets Corporation ("OGAC"), a wholly-owned subsidiary of the Corporation incorporated on July 9, 1998.

The Interim Casino Windsor and Northern Belle Riverboat Casino, which commenced operations on May 17, 1994 and December 13, 1995, respectively, closed on July 22, 1998 and July 12, 1998, respectively.

1. Significant accounting policies:

(a) Gaming revenue and promotional allowances:

Gaming revenue represents the net win from gaming activities, which is the difference between amounts earned through winnings and payouts by the casino. The retail value of accommodation, food, beverage and other items provided on a complimentary basis to customers has been included in non-gaming revenues and a corresponding amount has been deducted as promotional allowances. Costs of providing promotional allowances have been included in non-gaming costs and expenses.

(b) Inventories:

Inventories are stated at the lower of cost and net realizable value.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Assets	Rate
Building, improvements and other development costs	Straight-line over ten to fifty years
Furniture, fixtures and equipment	Straight-line over three to ten years

Capital assets are amortized upon the commencement of operations.

Interest on debt to finance major additions to capital assets is capitalized until the commencement of operations. The interest cost is determined using the interest rate on incremental debt incurred by the Corporation to finance these capital assets. Interest capitalized is amortized over the same period as the related asset.

(d) Pre-opening expenditures:

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of casinos are deferred and amortized over periods ranging from one to three years.

(e) Deferred charges:

Deferred charges consist primarily of financing fees and assets contributed to Chippewas of Mnjikaning (Rama) First Nation ("Chippewas of Mnjikaning") in accordance with the development and operating agreement relating to this property. Deferred financing fees are amortized over a period of three years. Assets contributed to Chippewas of Mnjikaning consisting primarily of funding for the construction of a community centre, senior centre and certain infrastructure facilities are amortized over the term of the related development and operating agreement.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

1. Significant accounting policies (continued):

(f) Foreign currency translation:

Monetary assets and liabilities are translated at the year-end exchange rates. Non-monetary assets and liabilities are translated at the historical exchange rates. Statement of income items are translated at the rate of exchange in effect at the transaction date. Translation gains and losses are included in income in the period which they arise, except for translation gains and losses relating to long-term debt which are deferred and amortized over the estimated term of repayment.

(g) Use of estimates:

In conformity with generally accepted accounting principles, management of the Corporation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period to prepare these financial statements. Actual results could differ from those estimates.

2. Cash and short-term investments:

(a) Cash and short-term investments include the below noted amounts which are held in separate bank accounts:

	1999	1998
Capital renewals reserve	\$ 32,397	\$ 26,303
Operating reserve	22,935	19,494
Severance reserve	11,329	8,857
	<u>\$ 66,661</u>	<u>\$ 54,654</u>

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

2. Cash and short-term investments (continued):

(b) Cash reserves:

The Corporation has established cash reserves in accordance with various operating agreements for the following purposes:

- Capital renewals reserve - for capital asset additions other than normal repairs or major improvements.
- Operating reserve - to satisfy specified obligations in the event that revenue will be insufficient to meet such obligations.
- Severance reserve - to satisfy certain obligations of the Corporation arising from termination or layoff of employees of an operator in connection with the termination of the operator.

In addition, there is restricted cash of \$1,044,000 (1998 - \$3,374,000) to be held for construction related expenditures at Casino Rama.

3. Capital assets:

			1999	1998
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
Land	\$ 59,863	\$ —	\$ 59,863	\$ 59,863
Building, improvements and other development costs	542,353	31,244	511,109	140,936
Furniture, fixtures and equipment	208,962	48,120	160,842	96,214
Asset under capital lease	—	—	—	8,463
Construction in progress	1,579	—	1,579	369,865
	\$ 812,757	\$ 79,364	\$ 733,393	\$ 675,341

During the year, the Corporation capitalized interest amounting to approximately \$1,530,000 (1998 - \$4,510,000).

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

4. Deferred charges:

			1999	1998
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
Assets contributed to Chippewas of Mnjikaning	\$ 26,878	\$ 6,915	\$ 19,963	\$ 21,391
Deferred financing fees	8,391	6,799	1,592	1,761
	\$ 35,269	\$ 13,714	\$ 21,555	\$ 23,152

5. First Nations investment account:

In early 1996, formal negotiations commenced between the First Nations of Ontario and the Province of Ontario to establish and administer a First Nations Fund into which all excess cash flow from Casino Rama will be distributed. Pending the establishment of a fund and an agreement between the Corporation and fund administrators agreed to by the Minister of Finance, the Corporation will hold these funds in a non-commingled investment account. These funds are invested in three month guaranteed investment certificates with the Province of Ontario Savings Office.

	1999	1998
The investment account balance consists of:		
Balance, beginning of year	\$ 84,197	\$ -
Distribution to First Nations investment account	168,033	82,525
Interest earned	7,229	1,672
Atherley Narrows Bridge expense (note 12(c))	(4,500)	-
Distribution during year	(316)	-
Other expenses	(100)	-
Balance, end of year	\$ 254,543	\$ 84,197

6. Related party transactions:

- (a) Under the terms of the development and operating agreements for each of the casinos, the operator is entitled to receive an operator's fee calculated as a percentage of gross revenues and a percentage of net operating margin, both as defined in each of the related development and operating agreements.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

6. Related party transactions (continued):

(b) Under the terms of the development and operating agreement for Casino Rama, Chippewas of Mnjikaning receive an annual fee of \$4,500,000, adjusted for inflation each year, relating to development and ongoing operating services. Additional charges from Chippewas of Mnjikaning amounting to \$3,800,000 (1998 - \$2,100,000) in connection with land and building rental, snow removal, water and sewer and law enforcement charges were received during the year. In addition, the lands used for the Casino Rama complex are leased from Her Majesty the Queen in Right of Canada by Casino Rama Inc. under a 25-year ground lease. Rent payable under this ground lease is \$3,500,000 annually adjusted for inflation and is paid out of gross revenues of the Casino Rama complex to Chippewas of Mnjikaning in accordance with instructions from Indian and Northern Affairs Canada as representative for Her Majesty the Queen.

(c) Under the terms of the development and cost-sharing agreement between the Corporation and Windsor Casino Limited, the total project costs in connection with the construction of the permanent casino complex in Windsor were financed up to 25% by the operator and the remainder by the Corporation. The amount financed by the operator is repayable by the Corporation over the term of the operating agreement of the casino or earlier, depending on certain conditions contained in the operating agreement. Interest is calculated at 4.5% per annum compounded monthly until the opening date of the permanent casino and 10% per annum compounded monthly thereafter.

7. Long-term debt:

	1999	1998
Bank loan	\$ —	\$ 44,346
Advance from CHC Casinos Canada Limited	25,456	30,239
	25,456	74,585
Less current portion	9,428	50,572
	\$ 16,028	\$ 24,013

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

7. Long-term debt (continued):

(a) Bank loan:

A bank loan of \$155,000,000 under a \$160,000,000 non-revolving credit facility in favour of Casino Rama Inc. was obtained to finance the development of Casino Rama. The bank was fully repaid in August 1998. Interest for the year on the bank loan amounted to \$646,000 (1998 - \$5,464,000).

(b) Advance from CHC Casinos Canada Limited:

CHC Casinos Canada Limited, the operator of Casino Rama, advanced U.S. \$25,000,000 toward the development of the casino. The advance bears interest at bank prime plus 1% per annum. The outstanding balance as of March 31, 1999 amounted to U.S. \$16,875,000 (1998 - U.S. \$21,250,000). The operator is entitled to quarterly repayments based on a formula contained in the development and operating agreement for this casino. Interest for the year amounted to \$2,282,000 (1998 - \$2,017,000).

The advance from the operator is repayable in U.S. dollars and is, therefore, exposed to foreign currency fluctuations. Casino Rama has not entered into any foreign exchange contracts to minimize the exposure to foreign currency fluctuations.

(c) The principal repayments of the long-term debt expected to be made over the next three years are approximately as follows:

Year ending March 31:	
2000	\$ 9,428
2001	9,428
2002	6,600

8. Win tax:

The Corporation remits win tax to the Province of Ontario weekly. This tax amounts to 20% of gaming revenue.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

9. Corporate head office expenses:

Included in costs and expenses are the expenses of the Corporation's head office as follows:

	1999	1998
Salaries, wages and benefits	\$ 1,661	\$ 1,012
Transportation and communication	603	535
Purchased services	3,961	3,853
Amortization	346	277
Windsor Art Gallery (note 12(b))	25,000	—
Atherly Narrows Bridge expense (note 12(c))	13,500	—
Other	(847)	964
	44,224	6,641
Less amounts recoverable from Casino Rama	900	900
	\$ 43,324	\$ 5,741

10. Pension plans:

The operators of the casinos have created defined contribution pension plans for their salaried, hourly and executive employees. The casinos are required to contribute 2% of an employee's base earnings under the salaried and hourly pension plans and 3% of an employee's base earnings under the executive pension plans. Employee basic contributions of up to 2% of base earnings under the hourly pension plans and up to 3% of base earnings for the salaried and executive pension plans are permitted. Employee basic contributions are matched by the casinos. Employee voluntary contributions of up to 12% of base earnings under the hourly pension plans, up to 10% of base earnings under the salaried pension plans and up to 9% of base earnings under the executive pension plans are permitted. The pension expense for the year amounted to \$10,935,000 (1998 - \$9,196,640).

11. Contingencies:

- (a) The Corporation is from time to time involved in various legal proceedings of a character normally incident to its business. The Corporation believes that the outcome of these outstanding claims will not have a material impact on these financial statements. Settlements, if any, concerning these contingencies will be accounted for as a charge to the statement of operations in the period in which the settlement occurs.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

11. Contingencies (continued):

- (b) The lease agreement between the Corporation and Maple Leaf Entertainment Inc. for the interim casino complex in Niagara Falls, Ontario, provides for the restoration of the building to its original state to be paid for by the Corporation. The nature and expected costs of this restoration are not determinable at this time. Accordingly, no accrual for these costs has been provided for in the financial statements.
- (c) The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. The Corporation has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 Issue on the Company. The phases of the plan, which address Year 2000 readiness of the Corporation's computer systems, and of third parties, such as suppliers and others, include planning and awareness, inventory, testing, resolution and contingency planning. As at March 31, 1999, the Corporation has commenced all phases of the plan, which are intended to modify, retire or replace any computer systems identified to date which are not Year 2000 ready. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

12. Commitments:

- (a) In connection with the acquisition of the land site for the permanent casino complex in Windsor, Ontario, the Corporation has agreed to provide the City of Windsor (the "City") with a fixed return over 20 years with payments commencing May 1, 1998, in the amount of \$2,600,000 per annum for the first ten years and \$3,000,000 per annum for the last ten years. Approximately \$2,383,000 was expensed in the year. In addition, the Corporation is obligated to cause Riverfront and City Market improvements to be constructed for approximately \$4,000,000 and to reimburse the City for the Corporation's share of certain infrastructure costs. These infrastructure costs, which amounted to approximately \$14,200,000, have been expensed in these financial statements.

ONTARIO CASINO CORPORATION

Notes to Consolidated Financial Statements (continued)
(Tabular amounts in thousands of dollars)

Year ended March 31, 1999

12. Commitments (continued):

The lease agreement between the Corporation and the Art Gallery of Windsor for the former interim casino complex located in Windsor, Ontario, provides for the restoration of the building to an art gallery upon vacating of the premises by the Corporation. The interim casino complex closed during the year and the Corporation has agreed to contribute a maximum of \$25,000,000 towards the restoration costs. This amount has been accrued for in these financial statements.

(b) The Corporation and the Ministry of Transportation for the Province of Ontario have entered into a Highway Infrastructure Improvements Agreement. Under the terms of this agreement, the Corporation has agreed to contribute a maximum of \$18,000,000 towards the construction of certain infrastructure improvements relating to the Atherley Narrows Bridge located in Rama, Ontario, of which \$4,500,000 will be contributed by the First Nations Fund.

(c) The Corporation is committed to rental payments for its leased premises and equipment under leases, expiring up to 2006. Future minimum annual lease payments are as follows:

	Operating leases
Year ending March 31:	
2000	\$ 4,532
2001	2,068
2002	1,292
2003	461
2004	438
Thereafter	100
Total minimum lease payments	\$ 8,891

(d) On May 24, 1999, the Corporation signed a Master Development Agreement with Falls Management Company for the construction and development of a permanent casino complex in Niagara Falls, Ontario and continues to negotiate specific elements related to the permanent complex.

13. Reclassification:

Certain of the 1998 figures presented for comparative purposes have been reclassified to conform with the current year's presentation.

**PUBLIC SECTOR SALARY DISCLOSURE
FISCAL YEAR ENDING MARCH 31, 1999****EMPLOYEE INFORMATION**

NAME	POSITION	SALARY	TAXABLE BENEFIT
Ron Barbaro	Chair & Chief Executive Officer	\$131,236.51	\$244.22
Atam Uppal	Director of Operations	\$109,013.06	\$314.56
Paul Micucci	Chief Financial Officer	\$100,287.98	\$288.08

Management's Responsibility For Financial Information

Management and the Board of Directors are responsible for the financial statements and all other information presented in this Annual Report. The financial statements have been prepared by Management in accordance with generally accepted accounting principles and, where appropriate, include amounts based on Management's best estimates and judgements.

The Ontario Clean Water Agency is dedicated to the highest standards of integrity in its business. To safeguard Agency assets, the Agency has a sound and dynamic set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the bylaws of the Agency. Internal audits are conducted to assess management systems and practices, and reports are issued to the Senior Management Committee.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal control. The Board of Directors meets quarterly to oversee the financial activities of the Agency and at least annually to review the financial statements and the external auditors' report thereon, and recommend them to the Minister of the Environment for approval.

The financial statements have been examined by the Provincial Auditor. The Provincial Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor's examination and opinion.



Sheila N. Willis
President and CEO



Louise Morrow Wickson
Vice President,
Finance and Administration

March 23, 1999

Auditor's Report

To the Ontario Clean Water Agency,
the Minister of Environment
and to the Minister of Finance

I have audited the balance sheet of the Ontario Clean Water Agency as at December 31, 1998 and the statements of income and retained earnings and of changes in financial position for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at December 31, 1998 and the results of its operations and changes in its financial position for the year then ended, in accordance with generally accepted accounting principles.



Erik Peters, FCA
Provincial Auditor

February 24, 1999

The Caltario Clean Water Agency

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BALANCE SHEET

AS AT DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	1998	1997
ASSETS		
Current assets:		
Cash and short-term investments	\$124,700	\$ 63,097
Accounts receivable, net		
Municipalities and other customers	6,877	9,170
Ministry of the Environment	115	333
Goods and services tax receivable	655	740
Current portion of investments receivable:		
Water and wastewater facilities (note 2)	2,378	6,040
Facilities under construction (note 3)	9,096	12,843
	143,821	92,223
Financial assets:		
Investments receivable for water and wastewater facilities (note 2)	67,576	171,693
Investments receivable for facilities under construction (note 3)	13,225	14,710
Loans receivable – Top-up loan (note 4)	850	4,509
Provincial assistance advances (note 5)	467	1,580
Fixed assets, net (note 6)	3,134	1,866
	85,252	194,358
Total Assets	\$229,073	\$286,581

THE TOWN OF CHESTER, NEW YORK

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BALANCE SHEET

AS AT DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	1998	1997
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,208	\$ 28,778
Current portion of long-term liabilities (note 11)	1,000	3,098
Provision for restructuring costs (note 9)	—	453
	22,208	32,329
Long-term liabilities:		
Long-term debt (note 8)	—	54,284
Municipal contributions payable (note 10)	3,702	6,978
Employee benefits and pension plan (note 11)	6,037	8,791
	9,739	70,053
Equity of Ontario:		
Contributed surplus (note 13)	106,731	108,981
Retained earnings	90,395	75,218
	197,126	184,199
Contingencies (note 14)		
Total Liabilities and Equity	\$229,073	\$286,581

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

ON BEHALF OF THE BOARD


DIRECTOR


DIRECTOR

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	1998	1997
UTILITY OPERATING REVENUES:		
Utility Operations	\$100,660	\$105,921
Fees	1,940	2,451
Total Operating Revenues	102,600	108,372
OPERATING EXPENSES:		
Salaries and benefits (note 17)	36,194	39,880
Other operating expenses	62,223	63,373
Depreciation and amortization of fixed assets	1,063	771
Total Operating Expenses	99,480	104,024
Net Income – Utility Operations	3,120	4,348
FINANCING REVENUES:		
Revenues from investments	17,368	30,886
Interest on facilities under construction	621	1,192
Total Financing Revenues	17,989	32,078
FINANCING EXPENSES:		
Property Transfer Initiative (note 15)	2,016	466
Interest	2,365	12,864
Financing administration expenses	991	1,160
Provision for losses	500	513
Depreciation and amortization of fixed assets	60	60
Total Financing Expenses	5,932	15,063
Net Income – Financing	12,057	17,015
Net Income for the Period	15,177	21,363
Retained Earnings, Opening Balance	75,218	53,855
Retained Earnings, Ending Balance	\$ 90,395	\$ 75,218

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

The Ontario Clean Water Agency

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STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF DOLLARS)

	1998	1997
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
OPERATING ACTIVITIES:		
Net Income	\$ 15,177	\$ 21,363
Changes in non-cash working capital balances		
— Accounts receivable	2,378	16,875
— Accounts payable and accrued liabilities	(7,570)	(8,614)
— Ministry of the Environment	218	(274)
— Provision for restructuring costs (note 9)	(453)	(579)
Depreciation and amortization of fixed assets	1,123	831
Net Cash Provided by Operating Activities	10,873	29,602
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES:		
Net decrease in investments receivable for water and wastewater facilities (note 2)	107,779	213,628
Net decrease in investments receivable for facilities under construction (note 3)	5,232	10,483
Net (decrease) in municipal contributions payable (note 10)	(3,276)	(356)
(Decrease) in long-term employee benefits payable (note 11)	(2,754)	(2,710)
Long-term debt repayment (note 8)	(56,382)	(235,354)
Increase (decrease) in provincial assistance advances (note 5)	1,113	(1,826)
Decrease in Top-up loans (note 4)	3,659	331
Changes in contributed surplus (note 13)	(2,250)	(783)
Net Cash Provided by Financing Activities	53,121	(16,587)
Fixed Assets — acquired	(2,391)	(683)
Increase in Cash Position	61,603	12,332
Cash and Short-Term Investments, Opening Balance	63,097	50,765
Cash and Short-Term Investments, Ending Balance	\$124,700	\$ 63,097

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS**GENERAL:**

The Ontario Clean Water Agency (The "Agency") was established on November 15, 1993, under the authority of The Capital Investment Plan Act (the "Act").

In accordance with the Act, the Agency's objectives include:

- assisting municipalities to provide water and wastewater services on a cost-recovery basis by financing, planning, developing, building and operating such works and services;
- financing, building and operating water and wastewater facilities on behalf of Ontario on a cost-recovery basis; and
- providing these services so as to protect human health and the environment, encourage conservation of water resources and support Provincial policies for land use and settlement.

In accordance with the provisions of the Act, the Agency is incorporated under the laws of Ontario. The Agency is exempt from Federal and Provincial income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants. Included below are those accounting policies which are of significance to the Agency.

(a) Cash and short-term investments:

Short-term investments are stated at the lower of cost or market.

(b) Fixed assets:

Equipment and leasehold improvements are stated at cost. Leasehold improvements are being amortized over the life of the leases. Depreciation is provided using the declining balance method with a half-year provision in the year of purchase if the asset is available for use. Equipment is being depreciated at rates calculated to amortize the cost of the assets over the estimated lives as follows:

Automotive equipment	4 years
Furniture and fixtures	5 years
Computer hardware	3 years
Computer software	2 years
Machinery and equipment	5 years
Electronic operating systems	10 years

(c) Investments receivable for facilities under construction:

Interest on borrowings and other incremental expenditures relating to facilities are capitalized during the construction period.

The Ontario Clean Water Agency



1. SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

(d) Utility operations:

A portion of the contractual arrangements with clients for the operation of water and wastewater treatment facilities provides for the recovery of all costs incurred in their operations plus a management fee. Revenue is recognized at the time such costs are incurred even though agreements may provide for the collection of a portion of those costs in future years. Accordingly, costs incurred in excess of amounts billed and to be recovered in future years are classified as "Investments receivable in water and wastewater facilities."

2. INVESTMENTS RECEIVABLE FOR WATER AND WASTEWATER FACILITIES:

- (a) These investments represent the outstanding principal portion of amounts receivable from clients for capital expenditures undertaken by the Agency on their behalf, and recoverable operating costs, if any, not billed. In addition, it includes capitalized deficits on certain facilities that will be collected from clients during future years. Investments receivable for water and wastewater facilities are recorded at the lesser of both the outstanding principal and other capitalized amounts, and net realizable value.
- (b) The investments receivable are supported by agreements which bear interest at rates between 5.07% and 13.69%. Scheduled principal repayments of the investments are as follows:

(IN THOUSANDS OF DOLLARS)

1999	\$ 2,378
2000	2,559
2001	2,755
2002	2,965
2003	3,192
Thereafter	56,105
	69,954
Less: Current portion	2,378
	\$ 67,576

3. INVESTMENTS RECEIVABLE FOR FACILITIES UNDER CONSTRUCTION:

- (a) "Investments receivable for facilities under construction" represent new water and wastewater facilities or major capital improvements to existing facilities that have been undertaken by the Agency on behalf of its clients. Annually, the net recoverable amount from the customer is transferred to "Investments receivable for water and wastewater facilities." Certain clients pay the entire balance of their amount, accumulated as facilities under construction, within one year.
- (b) In the current period, the Agency capitalized interest amounting to \$0.7 million (1997 – \$1.8 million) to investments receivable for facilities under construction. In addition, provincial assistance amounting to \$12.3 million (1997 – \$34.9 million) was recorded as a reduction of investments receivable for facilities under construction.



4. LOANS RECEIVABLE — TOP-UP LOANS:

The Agency made loans to municipalities to finance water and wastewater facilities that have received provincial assistance under the Municipal Assistance Program. The loans were made for terms of up to 20 years based on rates set by the Province at the time the loan was granted.

5. PROVINCIAL ASSISTANCE ADVANCES:

The Agency finances the construction of certain facilities on behalf of municipalities. A portion of the construction costs are eligible for provincial assistance grants provided by the Ministry of the Environment.

6. FIXED ASSETS:

(IN THOUSANDS OF DOLLARS)	COST	ACCUMULATED DEPRECIATION	NET DEC. 31, 1998	NET DEC. 31, 1997
Furniture and fixtures	\$ 574	\$ (357)	\$ 217	\$ 272
Automotive equipment	16	(16)	—	5
Computer hardware	2,838	(1,931)	907	1,182
Computer software	1,724	(1,003)	721	231
Leasehold improvements	157	(105)	52	55
Machinery and equipment	301	(104)	197	121
Electronic operating systems	1,040	—	1,040	—
	\$ 6,650	\$ (3,516)	\$ 3,134	\$ 1,866

7. LEASE COMMITMENTS:

Annual lease payments under operating leases for rental of premises and vehicles in aggregate are as follows:

(IN THOUSANDS OF DOLLARS)	
1999	\$ 1,050
2000	872
2001	876
2002	799
2003	647
Thereafter	3,251
	\$ 7,495

8. LONG-TERM DEBT:

During the year, the Agency utilized client repayment proceeds to pay off the long-term debt owed to the Province of Ontario.

9. RESTRUCTURING AND REORGANIZATION:

In 1996 the Agency implemented a restructuring plan. Restructuring costs for employee severance, relocation, office closures and other administrative costs were recognized in 1996. A provision for restructuring costs was set up at December 31, 1996 for the restructuring costs that were recognized in 1996 but would not be paid until 1997 or thereafter. As at December 31, 1998, none (1997 — \$0.4 million) of those costs remained outstanding.

The Ontario Clean Water Agency

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10. MUNICIPAL CONTRIBUTIONS PAYABLE:

(IN THOUSANDS OF DOLLARS)

	DEC. 31, 1998	DEC. 31, 1997
Municipal contributions held for future repairs	\$ 3,049	\$ 5,416
Municipal operating expense prepayments	653	1,562
	\$ 3,702	\$ 6,978

At December 31, 1998, the Agency held funds that will be used for future repairs amounting to \$3.0 million (1997 – \$5.4 million). The \$3.0 million and the \$0.6 million for municipal operating expense prepayments is included in cash and short-term investments.

11. EMPLOYEE BENEFITS:

At inception, the Agency assumed the responsibility to fund the accrued employee benefits related to the employees of the Agency. These costs have been estimated to amount to \$7.0 million (1997 – \$9.8 million) of which \$1.0 million (1997 – \$1.0 million) has been classified as a current liability.

12. PENSION PLAN:

The Agency provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario. The Agency's contributions related to the pension plans for the period was \$2.0 million (1997 – \$2.3 million) and is included in salaries and benefits in the Statement of Income and Retained Earnings.

13. CONTRIBUTED SURPLUS:

The opening contributed surplus was received from the Province of Ontario in the form of the book value of net assets in excess of obligations assumed and is accounted for as the Agency's equity. Included in the closing balance are the following:

(IN THOUSANDS OF DOLLARS)	DEC. 31, 1998
Opening balance, January 1	\$ 108,981
Adjustments to opening balance	(2,250)
	\$ 106,731

The adjustment to the opening balance, relates to repair and maintenance costs that were agreed to prior to the establishment of the Agency.

14. CONTINGENCIES:**Litigation**

The Agency is a defendant in a number of lawsuits. In most instances, these actions relate to the period prior to the establishment of the Agency on November 15, 1993. The outcome of the lawsuits cannot be determined at this time. Losses, if any, will be accounted for in the period of settlement.



14. CONTINGENCIES: (CONT'D)

The Year 2000 issue

The year 2000 issue arises from the fact that many computer systems express years by using two digits rather than four, with the assumption that the first two digits are always "19." Such systems, if not modified or replaced, could misinterpret the year before and after January 1, 2000 (e.g. read "00" as the year 1900 rather than the year 2000). The results could range from miscalculations to system failure causing a temporary inability to process transactions or engage in normal business activities.

The Agency is reviewing its corporate systems in order to assess these potential risks however, due to the general uncertainty inherent in the Year 2000 issue, resulting in part from the uncertainty of the Year 2000 readiness of other parties, the Agency is unable to determine at this time whether the Year 2000 issue will have a material and adverse impact on the Agency's results of operations, liquidity and financial condition.

15. PROPERTY TRANSFER INITIATIVE:

In 1997, the Province passed legislation requiring the transfer of ownership of water and wastewater facilities from the Agency to municipalities. The Property Transfer Initiative captures all real estate conveyance costs associated with the title transfers. To date, \$2.5 million has been spent and an additional \$1.5 million is expected to be spent and will be recorded in the period of the transfer. The transfers must be completed by the year 2004.

16. RELATED PARTY TRANSACTIONS:

As a result of the relationship of the Agency with the Province and the classification as a Province of Ontario Schedule IV Agency, the following related party transactions exist and have been disclosed in the notes to the financial statements:

- (a) Transactions with the Province of Ontario
- (b) Transactions with the Ministry of the Environment
- (c) Transactions with the Ontario Financing Authority

17. SALARIES:

Provincial legislation requires disclosure of Ontario public sector employees paid an annual salary in excess of \$100,000. For OCWA, this disclosure is as follows:

Sheila Willis	President and Chief Executive Officer	\$127,690
Michael Brady	General Counsel	\$113,070
Ronald Gagnon	Area Vice President	\$106,930
Sharon Gray	Area Vice President	\$100,570

18. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying amount of cash and short-term investments, accounts receivable, accounts payable and accrued liability approximates fair value due to the short-term maturities of these instruments. Due to prepayment options, the carrying value of the balance of the financial assets and long-term liabilities approximates their fair value.

Office of the
Provincial Auditor
of Ontario



Bureau du
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Auditor's Report

To Ontario Development Corporation
and to the Minister of Economic Development and Trade

I have audited the balance sheet of Ontario Development Corporation as at March 31, 1999 and the statements of operations, investment by the Province of Ontario and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1999 and the results of its operations and the changes in its cash flows for the year then ended in accordance with the accounting policies described in note 2 to the financial statements.

A handwritten signature in dark ink, reading 'K.W. Leishman'.

K.W. Leishman, CA
Assistant Provincial Auditor

Toronto, Ontario
June 25, 1999

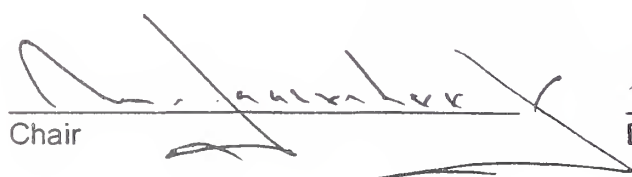
ONTARIO DEVELOPMENT CORPORATION


Balance Sheet
as at March 31, 1999

		[note 1] 1999 \$	[note 2 a] 1998 \$
			[thousands]
ASSETS			
Loans receivable	[note 3]	27,592	44,625
Equity investments	[note 3]	4,153	5,176
		31,745	49,801
Cash and short-term deposits		47,452	30,068
Account receivable - current		5,373	920
Account receivable - long term		329	529
Investment in non-consolidated subsidiaries	[note 5]	-	4,219
Capital assets-industrial parks	[note 6]	11,545	14,851
Total assets		96,444	100,388
LIABILITIES			
Accounts payable - current		2,812	1,398
Accounts payable - long term		758	-
Provision for guarantee losses	[note 3]	6,358	10,000
		9,928	11,398
Guarantees	[note 7]		
INVESTMENT BY THE PROVINCE OF ONTARIO			
Share capital and other net investment		86,516	88,990
Total liabilities and investment by the Province		96,444	100,388

See accompanying notes to financial statements

On behalf of the Board:


Chair


Director

ONTARIO DEVELOPMENT CORPORATION

Statement of Operations
for the year ended March 31, 1999

	[note 1] 1999 \$	[note 2 a] 1998 \$
	[thousands]	
INTEREST & INVESTMENT INCOME		
Interest on loans	3,845	10,348
Gains on equity investments	6,383	1,529
Royalties and dividends	31	243
Interest on short-term deposits	2,331	2,123
	12,590	14,243
INTEREST & INVESTMENT EXPENSE		
Interest on Provincial advances [note 10]	-	4,597
Interest subsidy payments	5	246
	5	4,843
Net interest & investment income	12,585	9,400
OTHER INCOME		
Industrial parks (net) [note 6]	1,114	406
Gain from non-consolidated subsidiaries	-	424
	1,114	830
Gross operating income	13,699	10,230
RECOVERY OF CREDIT & INVESTMENT LOSSES	[note 3 and 4]	
	11,449	29,460
ADMINISTRATION	[note 8]	
	(7,903)	(4,690)
Net operating income	17,245	35,000

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Investment by the Province of Ontario as at March 31, 1999

	[note 1] 1999 \$	[note 2 a] 1998 \$
	[thousands]	
Investment by the Province, beginning of year:		
Share capital	7,000	7,000
Net investment other than share capital	81,990	156,852
	88,990	163,852
Net investment by (returned to) the Province:		
Operating income for the year	17,245	35,000
Contribution for administration costs	6,910	5,665
Prior year costs recovered, net of contributions for guarantee and program costs	(4,711)	(5,305)
Repayments/proceeds from loans and investments	(21,918)	(70,222)
Other repayments	-	(40,000)
	(2,474)	(74,862)
Investment by the Province, end of year:		
Share capital	7,000	7,000
Net investment other than share capital	79,516	81,990
Investment by the Province of Ontario	86,516	88,990

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION

Statement of Cash Flows
for the year ended March 31, 1999

	[note 1] 1999 \$	[note 2 a] 1998 \$
	[thousands]	
LENDING, INVESTING AND FINANCIAL ASSISTANCE ACTIVITIES		
Loan collections	17,033	21,698
Loan disbursements	-	-
Proceeds from sale of equity investments	6,797	3,011
Recoveries net of disbursements for guarantees honoured and guarantee interest subsidies	3,091	9,688
Cash transferred from non-consolidated subsidiaries	4,828	-
Net cash inflow for lending, investing and financial assistance activities	31,749	34,397
FINANCING ACTIVITIES		
Repayments to the Province	(21,918)	(110,222)
Contribution from the Province	6,910	5,665
Interest on Provincial advances [note 10]	-	(4,597)
Proceeds from sale of building [note 6]	2,401	-
Net cash (outflow) inflow from financing activities	(12,607)	(109,154)
OPERATING ACTIVITIES		
Operating cash flow from industrial parks	1,108	2,707
Interest received on short-term deposits	(2,506)	2,210
Interest collected from borrowers	3,876	10,591
Administration costs	(6,910)	(5,665)
Capital asset additions	706	(382)
Other	1,968	547
Net cash inflow for operating activities	(1,758)	10,008
Increase (decrease) in cash and short-term deposits	17,384	(64,749)
Cash and short-term deposits, beginning of year	30,068	94,817
Cash and short-term deposits, end of year	47,452	30,068

See accompanying notes to financial statements

ONTARIO DEVELOPMENT CORPORATION**Notes to the Financial Statements
March 31, 1999****1. GENERAL****(a) The Development Corporations**

In 1996, the Province decided to terminate the loan, equity investment and guarantee programs of the Development Corporations and to wind down their activities over a period of years. The Development Corporations consisted of Ontario Development Corporation, Northern Ontario Development Corporation, Eastern Ontario Development Corporation and Innovation Ontario Corporation. Their primary objective was to encourage and assist the development and diversification of industry in Ontario by providing financial assistance in the form of loans, guarantees and direct ownership.

The portfolios and responsibilities of the Development Corporations were transferred to Ontario Development Corporation during the year. The transfer of assets and liabilities was effective on April 1, 1998 for Northern Ontario Development Corporation and Eastern Ontario Development Corporation and was effective on June 29, 1998 for Innovation Ontario Corporation.

Since May 1998, the Ontario Development Corporation has used a private-sector asset management company to fulfil its responsibilities for managing and administering its term-loan portfolios (book value of \$34 million at March 31, 1999) and its commercial guarantee portfolios (\$22 million at March 31, 1999).

(b) Ontario Development Corporation

Ontario Development Corporation was incorporated with share capital under the *Development Corporations Act*. As an Ontario Crown Corporation, the Corporation is exempt from income taxes under the *Canadian Income Tax Act*.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

These financial statements have been prepared on the historical cost basis, except for estimated future losses on loan portfolios in liquidation.

All assets and liabilities transferred from the Development Corporations were recorded by the Ontario Development Corporation at their book values. In these notes and the comparative figures presented in the financial statements, "the Company", "management", "directors", and financial statement items of prior years refer to those of the former Development Corporations combined.

The industrial parks will be transferred to Management Board Secretariat. The timing and financial consideration for this transfer have not yet been determined [note 6].

As the loan portfolio is in liquidation and the industrial parks are to be transferred, no attempt has been made to estimate fair values of these assets.

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)

March 31, 1999

(b) Loans receivable

Loans receivable are shown net of the related provisions for loan losses. They include loans made by the Corporation and loans administered for ministries and other agencies of the Province where the Corporation has signed the loan agreement.

(c) Equity investments

Equity investments are shown at cost, less the related provisions for investment losses.

Certain technology investments were made through royalty arrangements rather than the purchase of equity. Commencing in the year ended March 31, 1995, investments of this nature with a defined and reasonable expectation of realising a positive return are capitalised and amortised on the cost recovery method.

(d) Provisions for losses

Provisions were established in prior years to absorb anticipated losses on the wind-down of the Development Corporations. These general provisions included anticipated losses not attributed to specific loans, investments or guarantees issued, in addition to specific losses that had been identified. The various specific and general provisions are periodically reviewed and revised by management based on available information.

The general provisions against loans receivable and equity investments are reduced for write downs recorded. The general provision for guarantee losses is shown as a liability and is reduced as guarantee losses are incurred. The general provision for the expected net costs of operations related to the wind down is being amortised on a straight-line basis over the current and next two years.

(e) Revenue recognition

Interest income is recognised on the accrual basis, except for certain loans that permit the borrower to defer interest payments. For these loans, interest income that accrues during the deferred payment period is recognised at the end of the deferral period.

(f) Capital assets - industrial parks

Capital assets in the industrial parks owned by the corporation are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. A depreciation rate of from five percent to twenty percent is used for buildings and improvements and a rate of twenty percent is used for equipment.

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)

March 31, 1999

(g) Activities managed and administered

The balance sheet reflects loans and investments made by the Corporation and loans administered by the Corporation for ministries and other agencies where the Corporation has signed the loan agreement. The statement of operations reflects administration expenses for all portfolios administered by the Corporation.

All activities managed and administered by the Corporation are summarised in note 11.

(h) Use of estimates in financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. STATUS OF THE CORPORATION AND RELATED PROVISIONS FOR LOSSES

In 1996, the Province decided to terminate the loan, equity investment and guarantee programs of the Development Corporations and to wind down their activities over a period of seven to eight years. The primary objective of the Ontario Development Corporation during the wind down is to provide for the orderly realisation of assets and settlement of debts while minimising any adverse impact on clients.

Management and directors gave careful consideration to the various factors that could impact each of: the collection of loans receivable; the value of equity investments; the extent that guarantees must be honoured; and the net costs required to wind down operations. In this regard, the best estimates at that time of the losses that would be realised were included with any provisions already recorded as general provisions.

The balances of the various provisions as at March 31 are as follows:

	1999	1998
	\$	\$
	[thousands]	
Loans receivable	7,318	11,897
Equity investments	3,811	4,871
Provision for guarantee losses	6,358	10,000
Net cost of operations	217	325
Total	17,704	27,093

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)

March 31, 1999

4. CREDIT AND INVESTMENT LOSSES

Credit and investment losses for the year ended March 31 comprise the following:

	Loans \$	Investments \$	Venture Guarantees \$ [thousands]	Commercial Guarantees \$	Total \$
Write-downs and expenses/ Guarantees honoured	1,241	1,118	1,775	3,060	7,194
Less recoveries	(5,142)	-	(2,760)	(1,460)	(9,362)
Less decrease in general provision	(4,579)	(1,060)	(3,464)	(178)	(9,281)
Net expense (income) – 1999	(8,480)	58	(4,449)	1,422	(11,449)
Net expense (income) – 1998	(19,940)	(20)	(1,038)	(8,462)	(29,460)

5. INVESTMENT IN NON-CONSOLIDATED SUBSIDIARIES

The assets of IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc. were transferred to Ontario Development Corporation effective on April 1, 1998. The assets transferred were recorded at their book values.

IDEA Innovation Fund Inc., IDEA Research Investment Fund Inc. and IDEA Information Technology Fund Inc., were previously wholly-owned subsidiaries of the Ontario Development Corporation and were accounted for by the equity method in the prior year.

6. INDUSTRIAL PARKS

The Corporation owns several industrial parks located in the Province of Ontario. The combined results of operations of the parks for the year ended March 31 are as follows:

	1999 \$	1998 \$
	[thousands]	
Rental revenue	6,603	6,781
Interest income and other	1,977	902
Depreciation	(2,600)	(2,750)
Other operating expenses	(4,866)	(4,527)
Net income	1,114	406

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)
March 31, 1999

6. INDUSTRIAL PARKS (Contd.)

The combined capital assets of the parks as at March 31 are as follows:

	Cost \$	Accumulated Depreciation \$	1999 Net \$	1998 Net \$
	[thousands]			
Land	349	-	349	2,349
Buildings and improvements	42,257	31,107	11,150	12,413
Equipment	1,689	1,643	46	89
	44,295	32,750	11,545	14,851

During the year, the Corporation sold one of its properties for net proceeds of \$2,401,000. At the time of its sale, the net book value of this property was \$2,407,000 resulting in a gain of \$6,000.

7. CONTINGENT LIABILITIES FOR GUARANTEES

The Corporation has guaranteed the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. Under the guarantee programs administered for ministries and other agencies of the Province, the funding for guarantees honoured is provided by those ministries and agencies. Normally, no guarantee fees were charged by the Corporation.

Contingent liabilities for loan guarantees as at March 31 are as follows:

	1999 \$	1998 \$
	-[thousands]	
Ventures program	4,746	15,449
Commercial guarantees	22,024	23,023
	26,770	38,472

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)
March 31, 1999**8. ADMINISTRATION EXPENSES**

Administration expenses for the year ended March 31 are as follows:

	1999	1998
	\$	\$
	[thousands]	
Salaries, benefits and severance costs	2,440	3,751
Transportation and communication	81	308
Asset management services [note 1a]	4,875	-
Other services	604	1,583
Supplies	11	23
	8,011	5,665
Net cost of operations for wind down	(108)	(975)
	7,903	4,690

The Corporation provides pension benefits for its employees through participation in the Public Service Pension Fund and The Ontario Public Service Employees' Union Pension Fund. The Corporation's share of contributions to the pension plans for the year was \$154,000 [1998 - \$187,000] and is included above as benefits.

The Province funds administration expenses paid by the Corporation.

9. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerised systems use two digits rather than four to identify a year. Date-sensitive systems may recognise the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure that could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting this entity, including those related to the efforts of customers, suppliers, service providers and other third parties, will be fully resolved.

The Corporation relies on the Ministry of Economic Development, Trade and Tourism for maintenance and development of internal systems. Also, the Corporation could be affected by the system used by the private-sector asset management company in managing and administering the Corporation's term-loan and commercial guarantee portfolios described in Note 1a.

ONTARIO DEVELOPMENT CORPORATION

Notes to the Financial Statements (Contd.)
March 31, 1999

10. ADVANCES FROM THE PROVINCE OF ONTARIO

Many of the Corporation's loan programs have been financed by advances from the Province. The accumulated advances net of repayments are part of the investment by the Province as shown on the balance sheet and statement of investment.

In prior years, the statement of operations reflected an interest expense calculated on the accumulated net advances. Now that the corporation is being wound down and the proceeds from the liquidation of its assets being used to repay the Province's total investment, an interest expense is no longer reflected in the statement of operations.

11. ACTIVITIES MANAGED AND ADMINISTERED BY THE CORPORATION

In addition to managing its own affairs, the Corporation administers loans, debentures, equity investments and grants on behalf of other ministries and agencies of the Province. The activities of the Corporation are summarised in the following schedule.

	1999 \$	1998 \$
	[thousands]	
Loans and investments as reported on balance sheet:		
Loans receivable (net of provisions)	27,592	44,625
Equity investments	4,153	5,176
Industrial Parks	11,545	14,851
Investment held by non-consolidated subsidiaries	-	301
	43,290	64,953
Loans guaranteed	26,770	38,472
<i>Total loans, investments and guarantees of the Corporation</i>	70,060	103,425
Portfolios administered for ministries and other agencies:		
Loans receivable where the Corporation has not signed the loan agreement (no provisions are recorded by the Corporation)	78,788	127,241
Loans guaranteed	19,975	19,874
Repayable grants/conditional loans	101,981	117,734
<i>Total portfolios administered for ministries and other agencies</i>	200,744	264,849
<i>Total portfolios managed and administered</i>	270,804	368,274

Office of the
Provincial Auditor
of Ontario



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Auditor's Report

To the Board of Directors of the Ontario Lottery Corporation
and to the Chair of Management Board of Cabinet

I have audited the consolidated balance sheet of the Ontario Lottery Corporation as at March 31, 1999 and the consolidated statements of operations, cash flows, changes in due (to) from Province of Ontario and equity in capital assets for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
May 21, 1999

A handwritten signature in cursive script, reading "K.W. Leishman".

K.W. Leishman, CA
Assistant Provincial Auditor

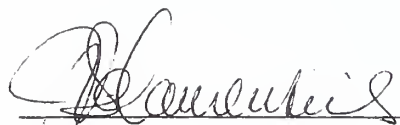
ONTARIO LOTTERY CORPORATION
CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 1999
(in thousands of dollars)

	1999	1998
Assets		
Cash	108,531	3,582
Prize funds on deposit	49,137	68,410
Due from Interprovincial Lottery Corporation	-	2,439
Accrued interest	495	251
Accounts receivable	42,998	21,367
Due from Province of Ontario	-	44,835
Prepaid expenses	14,000	13,327
Pre-opening expenditures (Note 3)	8,074	-
Loans receivable (Note 7)	1,763	-
Capital assets (Note 4)	73,663	49,449
	298,661	203,660
Liabilities and Equity		
Accounts payable and accrued liabilities (Note 5)	74,543	71,712
Prize funds unclaimed (Note 6)	49,137	68,410
Due to Interprovincial Lottery Corporation	4,103	-
Due to Province of Ontario	78,315	-
Due to Government of Canada	9,428	2,217
Deferred income	9,472	11,872
Equity in capital assets	73,663	49,449
	298,661	203,660

Commitments (Note 7)
The Year 2000 (Note 12)

On behalf of the Board:


Director


Director

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1999
(in thousands of dollars)

	1999	1998
Sales	2,194,390	2,177,198
Direct expenses		
Prizes	1,073,605	1,074,950
Commissions	162,328	158,829
Brand marketing	31,523	27,781
Ticket printing and terminal operation	46,568	50,050
Amortization of capital assets - direct	10,412	10,029
	1,324,436	1,321,639
Sales less direct expenses	869,954	855,559
Operating expenses		
Administration and other	76,114	76,883
Amortization of capital assets - indirect	11,798	12,611
Amortization of pre-opening expenditures	347	-
	88,259	89,494
Income from operations	781,695	766,065
Other income (expense):		
Interest income	4,945	3,268
Payments to charitable organizations (Note 9)	(14,639)	(17,320)
Payments to Government of Canada (Note 10)	(38,949)	(37,989)
	(48,643)	(52,041)
Net income before the undernoted	733,052	714,024
Unusual items (Note 11)	(51,193)	-
Net income	681,859	714,024

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 1999
(in thousands of dollars)

	1999	1998
Cash derived from (applied to):		
Operating activities:		
Net income	681,859	714,024
Amortization of capital assets	22,210	22,640
Amortization of pre-opening expenditures	347	-
	704,416	736,664
Change in non-cash operating items:		
Due from Interprovincial Lottery Corporation	6,542	4,628
Accrued interest	(244)	687
Accounts receivable	(21,631)	9,321
Prepaid expenses	(673)	(4,225)
Pre-opening expenditures	(8,421)	-
Accounts payable and accrued liabilities	2,831	(2,536)
Due to Government of Canada	7,211	(4,888)
Deferred income	(2,400)	2,323
	(16,785)	5,310
	687,631	741,974
Financing and investing activities:		
Payments to Province of Ontario	(534,495)	(737,000)
Loans receivable issued	(1,763)	-
Capital expenditures	(46,424)	(1,056)
	(582,682)	(738,056)
Net increase in cash	104,949	3,918
Cash (Bank overdraft), beginning of year	3,582	(336)
Cash, end of year	108,531	3,582

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN DUE
(TO) FROM PROVINCE OF ONTARIO
FOR THE YEAR ENDED MARCH 31, 1999
(in thousands of dollars)

	1999	1998
Net income	681,859	714,024
Add (deduct):		
Amortization of capital assets	22,210	22,640
Capital expenditures	(46,424)	(1,056)
	(24,214)	21,584
Current year amount due	657,645	735,608
Payments to Province of Ontario	534,495	737,000
Amount due less payments	(123,150)	1,392
Due from Province of Ontario, beginning of year	44,835	43,443
Due (to) from Province of Ontario, end of year	(78,315)	44,835

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION
CONSOLIDATED STATEMENT OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 1999
(in thousands of dollars)

	1999	1998
Balance, beginning of year	49,449	71,033
Add: Capital expenditures	46,424	1,056
Deduct: Amortization of capital assets	22,210	22,640
Balance, end of year	73,663	49,449

See accompanying notes to financial statements.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

1. Nature of the Corporation

The Ontario Lottery Corporation was incorporated without share capital on February 6, 1975 pursuant to the *Ontario Lottery Corporation Act* (OLCA).

The Corporation is responsible for the conduct and management of lottery games in Ontario. The LOTTARIO, INSTANT, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, PROLINE, OVER/UNDER and POINT SPREAD lotteries are conducted solely by the Corporation, whereas, the LOTTO SUPER 7 and LOTTO 6/49 lotteries are joint undertakings by all Provinces acting through the Interprovincial Lottery Corporation. The SUPERSTAR BINGO game is conducted and managed by the Corporation in conjunction with private and charitable organizations in Ontario.

The Corporation is also responsible for the conduct and management of charity casinos and slot machine programs at racetracks in Ontario.

2. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Ontario Lottery Corporation and its 100% owned subsidiary, OLC Services Limited which was incorporated September 4, 1998. OLC Services Limited was established to purchase capital assets which are leased to the parent corporation.

(b) Capital assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost and are amortized on a straight-line basis according to their estimated useful lives, as follows:

Buildings	25 years
Furniture and fixtures	10 years
Leasehold improvements	5 years
Lottery game assets	3 to 10 years
Charity casino and racetrack slot machine gaming assets	5 years

Capital assets are amortized when brought into operations.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

2. Significant accounting policies (continued)

(c) Revenue recognition

Revenues for LOTTARIO, ENCORE, PICK-3, DAILY KENO, ONTARIO 49, LOTTO SUPER 7 and LOTTO 6/49 are deferred on ticket sales and recognized when the draw takes place. For PROLINE, OVER/UNDER, POINT SPREAD and SUPERSTAR BINGO, revenues are recognized when the ticket is sold to the consumer. Revenues for INSTANT games are recognized when the ticket is distributed to the retailer. Tickets issued as a result of the redemption of free ticket prizes are not recorded as sales.

Gaming revenue from slot operations, represents the net win from gaming activities, which is the difference between amounts earned through gaming wagers less any payouts from those wagers.

(d) Pre-opening expenditures

Certain expenditures, consisting of compensation, consulting and other costs incurred in connection with the development and opening of racetrack slot operations and charity casinos, are deferred and amortized over a three year period.

(e) Foreign currency transactions

Monetary assets and liabilities are translated at the year-end exchange rates except for amounts covered by forward and spot contracts, where the amount of the contract is used. Statement of operations items are translated at the rate of exchange in effect at the transaction date. Transaction gains and losses are included in income in the period in which they arise.

(f) Use of estimates

In conformity with generally accepted accounting principles, Management of the Corporation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reported period to prepare these financial statements. Actual results could differ from those estimates.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

3. Pre-opening expenditures

Pre-opening expenditures consist of:

	1999		
	Cost	Accumulated Amortization	Net Book Value
Charity casino program	1,074	-	1,074
Racetrack slot machine program	7,347	347	7,000
	8,421	347	8,074

The Corporation is committed to the establishment of four charity casinos and seventeen slot machine programs at racetracks, all of which are scheduled to be in operation by December 31, 2000. The anticipated cost of completing these facilities is estimated at approximately \$644.4 million.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

4. Capital assets

In operation:	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	260	-	260	260
Building	1,289	633	656	707
Furniture and fixtures	10,216	7,031	3,185	3,702
Leasehold improvements	4,578	2,584	1,994	318
Lottery game assets	154,971	124,895	30,076	44,462
Charity casino and racetrack slot machine gaming assets	5,900	291	5,609	-
	177,214	135,434	41,780	49,449
Not in operation:	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	6,802	-	6,802	-
Building	7,031	-	7,031	-
Furniture and fixtures	6	-	6	-
Charity casino and racetrack slot machine gaming assets	18,044	-	18,044	-
	31,883	-	31,883	-
	209,097	135,434	73,663	49,449

5. Provision for restructuring costs

The Corporation has provided for restructuring costs as required by the Role and Mandate Review conducted by the Ministry of Economic Development, Trade and Tourism. The estimated cost of the restructuring program consists primarily of employee severance, consulting costs, contract termination costs and costs associated with the restructuring initiatives.

At March 31, 1999, \$17,312,000 (1998 - \$26,346,000) is included in Accounts payable and accrued liabilities in the Balance Sheet.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

6. Prize funds unclaimed

Prize funds unclaimed is represented by:

- i) Unclaimed prize funds (net) represents the net prizes anticipated to be claimed in the next year for draws and instant games launched on or after April 1, 1998. This amount includes the gross estimate for prizes outstanding less an estimate for prizes not expected to be claimed by players.

Effective April 1, 1998, unclaimed and expired funds will benefit the people of Ontario in a broader variety of ways, including possible prizes and bonus draws for players.

- ii) Unclaimed prize funds represents total prizes available to be claimed in the next year for draws and instant games launched prior to March 31, 1998.

- iii) Unclaimed expired prize funds represents expired prize funds for draws and instant games launched prior to March 31, 1998 reserved for redistribution to the players through prizes and bonus draws.

The prize funds unclaimed consist of:

	1999	1998
Unclaimed prize funds (net)	37,233	-
Unclaimed prize funds	-	50,450
Unclaimed expired prize funds	11,904	17,960
	<u>49,137</u>	<u>68,410</u>

7. Commitments

- i) Obligations under operating leases

The Corporation has entered into several office space leases in various locations in Ontario. The future minimum lease payments are approximately as follows:

2000	4,613
2001	4,100
2002	3,834
2003	3,263
2004	3,263
	<u>19,073</u>
Thereafter	23,248
	<u>42,321</u>

ONTARIO LOTTERY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1999

(tabular amounts in thousands of dollars)

7. Commitments (continued)

ii) Suppliers

The Corporation has computer hardware and maintenance agreements with annual payments for each of the next two years approximately as follows:

2000	1,800
2001	290

iii) Loans receivable

During the year the Corporation committed to loan funds to two racetracks for the purposes of renovating their buildings to accommodate the Corporation's slot operations. The loans bear interest at the bank's prime rate and are repayable over five to six years. The amounts will be recovered from withholding of the net win from slot operations which would otherwise be payable to the racetrack under an agreed upon commission structure. Total loans committed to at year end are as follows, of which \$1,763,000 was distributed prior to year end:

Hiawatha Horse Park	5,000
Rideau Carlton Raceway Holdings Limited	17,000
	<u>22,000</u>

Subsequent to year end, the Corporation committed to loan funds to three additional racetracks for the purposes of renovating their buildings to accommodate the Corporation's slot operations. The total of amounts committed are as follows:

Western Fair Association	5,000
Fort Erie Raceway	22,000
Kawartha Downs Limited	7,000
	<u>34,000</u>

In addition, the Corporation has committed to lease one property with respect to a charity casino.

iv) Foreign exchange contracts

The Corporation has entered into certain foreign exchange contracts, with maturities of less than one year, to manage risks associated with foreign currency exchange rates. As at March 31, 1999 the Corporation held US\$4,717,000 in forward and spot contracts at rates ranging between 1.511 and 1.546 which represents an estimated future cost to the Corporation of \$7,258,000 on execution. These contracts expire at various dates to June 15, 1999.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

8. Pension plan

The Corporation provides pension benefits for its permanent employees through participation in the Public Service Pension Fund established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$2,047,000 (1998 - \$3,388,000) and is included in Administration and other in the Statement of Operations. The 1998 amount includes current contributions and additional payments required to cover the Corporation's share of the Fund's estimated unfunded liabilities.

9. Payments to charitable organizations

Payments to charitable organizations are made under an agreement dated November 8, 1996 between the Corporation, the Provincial Bingo Charitable Activities Association and the Registered Gaming Suppliers of Ontario. The agreement stipulates that a distribution of sales be made to the charitable organizations participating in the SUPERSTAR BINGO game.

10. Payments to Government of Canada

The Corporation made the following payments to the Government of Canada:

	1999	1998
Payment on behalf of the Province of Ontario	20,142	19,956
Goods and Services Tax	18,807	18,033
	38,949	37,989

(a) Payment on behalf of the Province of Ontario

The provincial lottery corporations make remittances to the Government of Canada under an agreement dated August 1979 between the Provincial Governments and the Government of Canada. The agreement stipulates that the Government of Canada will not participate in the sale of lottery tickets.

(b) Goods and Services Tax

Goods and Services Tax (GST) payments are made under a specific formula on all expenditures, including retailer commissions and excluding payroll costs, payments to charitable organizations and payments to municipalities. This tax is in lieu of the collection of GST on lottery ticket and gaming sales from the consumer.

In addition, the Corporation also pays GST on its expenditures, excluding payroll costs, retailer commissions and certain capital expenditures, at point of purchase. These payments are not recoverable and are included in the respective accounts.

ONTARIO LOTTERY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(tabular amounts in thousands of dollars)

11. Unusual items

On April 9, 1998, the Province of Ontario assigned the conduct and management of charity casinos and a slot machine program at racetracks to the Corporation. Prior to this, certain operators incurred costs with respect to the establishment of charity casinos in Ontario. The Province of Ontario cancelled the charity casino program on June 26, 1998, and the Corporation undertook to make payment to the selected operators for certain costs. Consequently, the Corporation, on behalf of the Province of Ontario, entered into discussions with the operators to discuss compensation which, to date, has totalled approximately forty million dollars, exclusive of applicable taxes and expenses.

In addition, the Corporation incurred approximately two and one-half million dollars related to the video lottery program that was cancelled on April 9, 1998. These costs, because of their nature, have no ongoing tangible value to the Corporation and as a result have been charged to the income statement.

12. The Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. The Corporation has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 issue on the Corporation. The phases of the plan, which address Year 2000 readiness of the Corporation's computer systems, and of third parties such as suppliers and others, include planning and awareness, inventory, testing, resolution and contingency planning. As at March 31, 1999, the Corporation has commenced all phases of the plan, which are intended to modify, retire or replace any computer systems identified to date which are not Year 2000 ready. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

Ontario Lottery Corporation
Société des loteries de l'Ontario

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EMPLOYEES PAID \$100,000 OR MORE IN 1998

NAME	POSITION	SALARY PAID	TAXABLE BENEFIT
Barnett, Ken	Relationship Manager Finance	\$106,396.53	\$242.04
Dalton, Earl T.	Vice President Finance & Administration	\$122,431.84	\$7,694.29
DiAngelo, Michael	Director, Human Resources	\$110,814.12	\$268.20
Fioravanti, Walter	Vice President Corporate Services	\$120,675.70	\$9,506.30
Kassam, Nola	Relationship Manager Information Technology	\$103,613.89	\$244.42
Longman, Robert	Transition Team Leader, Sales & Distribution	\$100,292.80	\$8,148.98
Manness, Garth	President	\$133,968.80	\$27,379.82
Marinelli, Thomas	Transition Team Leader	\$111,983.77	\$268.20
Palmer, Brian	Benefit Team Leader	\$109,099.34	\$268.20
St. Amour, Joseph R	Vice President Information Systems & Technology	\$122,431.84	\$6,355.75
Stewart, Josephine	Vice President, Corporate Communications	\$108,358.10	\$8,288.13
Sweny, George	Vice President Sales & Business Units	\$119,373.54	\$8,036.74

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Auditor's Report

To the Ontario Northland Transportation Commission
and to the Minister of Northern Development and Mines

I have audited the consolidated balance sheet of the Ontario Northland Transportation Commission as at December 31, 1998 and the consolidated statements of operations and retained earnings, contributed surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, reading 'K.W. Leishman'.

Toronto, Ontario
April 2, 1999

K.W. Leishman, CA
Assistant Provincial Auditor

Ontario Northland Transportation Commission

Consolidated Balance Sheet


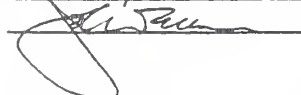
(dollars in thousands)

December 31	1998	(Note 19) 1997
Assets		
Current Assets		
Accounts receivable	\$ 18,558	\$ 15,386
Inventory	11,017	8,855
Prepaid expenses	526	288
	<u>30,101</u>	<u>24,529</u>
Self-Insurance Fund (Note 1)		
- Market value \$4,557; (1997 - \$4,350)	4,333	4,052
Long-term receivables (Note 17)	2,864	3,514
Investment in Capital Assets (Schedule 1) (Note 13)	217,048	228,473
Deferred Pension Charge (Note 3)	13,252	8,100
	<u>\$ 267,598</u>	<u>\$ 268,668</u>

Liabilities and Equity

Current Liabilities		
Bank loans and overdrafts (Note 2)	\$ 5,574	\$ 1,609
Accounts payable and accrued charges	13,503	11,331
Deferred revenue	164	342
Current portion of long-term debt (Note 4)	315	-
	<u>19,556</u>	<u>13,282</u>
Provision for Self-Insurance (Note 1)	4,333	4,052
Long-Term Debt (Note 4)	48,537	35,208
	<u>52,870</u>	<u>39,260</u>
Contingencies (Note 12)		
Province of Ontario Equity		
Contributed surplus	24,000	24,614
Retained earnings	171,172	191,512
	<u>195,172</u>	<u>216,126</u>
	<u>\$ 267,598</u>	<u>\$ 268,668</u>

Approved on behalf of the Commission:

R. Grant, Chair

K. J. Wallace, President and CEO

Ontario Northland Transportation Commission
Consolidated Statement of Operations and Retained Earnings
(dollars in thousands)

For the year ended December 31	1998	(Note 19) 1997
Operating Revenues (Schedule 2)	\$ 129,499	\$ 136,132
Operating Expenses (Schedule 2)	<u>118,897</u>	<u>127,863</u>
Operating Income	<u>10,602</u>	<u>8,269</u>
Other Expenses		
Amortization (Schedule 2)	12,081	10,731
Retirement incentive (Note 5)	-	225
Unusual items (Note 8)	19,706	-
Regulatory approval (Note 9)	-	403
Investment and other income	(77)	(443)
Interest expense (Schedule 2)	372	36
Gain on sale of capital assets (Schedule 2)	<u>(1,140)</u>	<u>(872)</u>
	<u>30,942</u>	<u>10,080</u>
Net Loss for the year	(20,340)	(1,811)
Retained Earnings, beginning of year	<u>191,512</u>	<u>193,323</u>
Retained Earnings, end of year	<u>\$ 171,172</u>	<u>\$ 191,512</u>

Ontario Northland Transportation Commission
Consolidated Statement of Contributed Surplus
(dollars in thousands)

For the year ended December 31	1998	(Note 19) 1997
Balance, beginning of year	\$ 24,614	\$ 13,058
Add: Contributions from the Province of Ontario (Note 11)	-	12,347
Less: Amortization	614	655
Retirements	-	136
Balance, end of year	\$ 24,000	\$ 24,614

Ontario Northland Transportation Commission
Consolidated Statement of Changes in Financial Position
(dollars in thousands)

For the year ended December 31	1998	(Note 19) 1997
Operating Activities		
Net loss for the year	\$ (20,340)	\$ (1,811)
Items not affecting cash		
- amortization (Schedule 2)	12,081	10,731
- gain on sale of capital assets	(1,140)	(872)
- unusual item (Note 8)	19,706	-
	<u>10,307</u>	<u>8,048</u>
Changes in non-cash working capital balances		
(Increase) decrease in accounts receivable	(2,522)	1,265
Increase in inventory	(2,162)	(120)
Increase in prepaid expenses	(238)	(46)
Increase (decrease) in accounts payable and accrued charges	2,172	(3,421)
(Decrease) increase in deferred revenue	(178)	219
	<u>7,379</u>	<u>5,945</u>
Financing Activities		
Proceeds from long term debt (Note 4)	13,845	-
Reduction of long term debt (Note 4)	(200)	-
Proceeds from Province of Ontario (Note 11)	-	12,347
	<u>13,645</u>	<u>12,347</u>
Investing Activities		
Investment in capital assets	(21,486)	(15,021)
Proceeds from sale of capital assets	1,649	2,472
Increase in other assets	(5,152)	(1,740)
	<u>(24,989)</u>	<u>(14,289)</u>
(Increase) decrease in Bank Loans and Overdraft during the year	(3,965)	4,003
Bank Loans and Overdraft , beginning of year	(1,609)	(5,612)
Bank Loans and Overdraft, end of year	<u>\$ (5,574)</u>	<u>\$ (1,609)</u>

Ontario Northland Transportation Commission
Consolidated Schedule of Investment in Capital Assets
Schedule 1
(dollars in thousands)

(Note 19)

December 31			1998	1997
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Rail Services				
Roadway	\$ 149,240	\$ 60,997	\$ 88,243	\$ 93,269
Buildings	35,447	10,360	25,087	25,842
Equipment	62,014	32,115	29,899	47,566
Under construction	15,292	-	15,292	1,071
Telecommunications				
Equipment	99,588	61,407	38,181	39,086
Buildings	3,458	1,350	2,108	2,160
Under construction	4,333	-	4,333	2,151
Marine Services (Owen Sound)				
Vessels	12,959	10,578	2,381	6,381
Land and buildings	126	44	82	84
Equipment	244	241	3	3
Bus Services				
Coaches	9,088	3,914	5,174	4,263
Under construction	151	-	151	151
Marine Services (North Bay and Moosonee)				
Vessels	385	253	132	142
Buildings	1	1	-	57
Development				
Land and buildings	<u>8,017</u>	<u>2,035</u>	<u>5,982</u>	<u>6,247</u>
	\$ 400,343	\$ 183,295	\$ 217,048	\$ 228,473

Ontario Northland Transportation Commission
Consolidated Schedule of Operating Revenues and Expenses
Schedule 2
(dollars in thousands)

For the year ended December 31 (Note 19)

1998 1997

Rail Services

Sales revenue	\$ 54,277	\$ 57,510
Government reimbursement (Note 6)	<u>5,731</u>	<u>7,720</u>
Operating revenue	60,008	65,230
Operating expense	<u>60,576</u>	<u>67,488</u>
Operating loss	(568)	(2,258)
Amortization	6,032	5,424
Gain on sale of capital assets	(218)	(286)
Interest expense	<u>323</u>	<u>36</u>
Net loss from operations	<u>(6,705)</u>	<u>(7,432)</u>

Telecommunications

Sales revenue (Note 7)	50,015	52,414
Operating expense	<u>33,618</u>	<u>35,187</u>
Operating income	16,397	17,227
Amortization	4,376	3,927
Loss on sale of capital assets	<u>173</u>	<u>13</u>
Net income from operations	<u>11,848</u>	<u>13,287</u>

Bus Services

Sales revenue	8,923	9,010
Operating expense	<u>8,429</u>	<u>8,451</u>
Operating income	494	559
Amortization	555	590
Gain on sale of capital assets	-	(328)
Net (loss) income from operations	<u>(61)</u>	<u>297</u>

Marine Services (Owen Sound)

Sales revenue	5,421	4,556
Government reimbursement (Note 6)	<u>890</u>	<u>890</u>
Operating revenue	6,311	5,446
Operating expense	<u>5,725</u>	<u>5,421</u>
Operating income	586	25
Amortization	<u>378</u>	<u>366</u>
Net income (loss) from operations	<u>208</u>	<u>(341)</u>

Marine Services (Pelee Island) (Note 18)

Sales revenue	3,701	3,444
Operating expense	<u>3,401</u>	<u>3,144</u>
Net income from operations	<u>300</u>	<u>300</u>

Ontario Northland Transportation Commission
Consolidated Schedule of Operating Revenues and Expenses
Schedule 2 (continued)
(dollars in thousands)

For the year ended December 31	1998	(Note 19) 1997
Marine Services (North Bay)		
Sales revenue	\$ -	\$ -
Operating expense	-	3
Operating loss	-	(3)
Loss on sale of capital assets	-	132
Amortization	-	19
Net loss from operations	-	(154)
Marine Services (Moosonee)		
Sales revenue	101	118
Government reimbursement (Note 6)	50	50
Operating revenue	151	168
Operating expense	143	184
Net income (loss) from operations	8	(16)
Air Service Contracts		
Sales revenue	-	-
Operating expense	702	999
Net loss from operations	(702)	(999)
Rental Properties		
Sales revenue	390	420
Operating expense	215	266
Operating income	175	154
Amortization	203	127
Gain on sale of capital assets	(1,095)	(403)
Net income from operations	1,067	430
Administration		
Sales revenue	-	-
Operating expense	6,088	6,720
Operating loss	(6,088)	(6,720)
Amortization	537	278
Interest expense	49	-
Net loss from operations	(6,674)	(6,998)

Ontario Northland Transportation Commission
Consolidated Schedule of Operating Revenues and Expenses
Schedule 2 (continued)
(dollars in thousands)

For the year ended December 31	1998	(Note 19) 1997
Total Operations		
Sales revenue	122,828	127,472
Government reimbursement (Note 6)	<u>6,671</u>	<u>8,660</u>
Operating revenues	129,499	136,132
Operating expenses	<u>118,897</u>	<u>127,863</u>
Operating income	10,602	8,269
Amortization	12,081	10,731
Interest expense	372	36
Gain on sale of capital assets	<u>(1,140)</u>	<u>(872)</u>
Net Loss from Operations	\$ (711)	\$ (1,626)

Ontario Northland Transportation Commission Summary of Significant Accounting Policies

December 31, 1998

Basis of Accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles. They include the accounts of the Commission and its wholly-owned subsidiaries, Ontario Northland International Consulting Services Inc, O.N. Tel Inc., Star Transfer Limited, The Owen Sound Transportation Company, Limited, Air-Dale Limited and Nipissing Central Railway Company.

Revenue Recognition

Transportation revenues are generally recognized on completion of movements, with interline movements being treated as complete when the shipment is turned over to the connecting carrier. Revenues from other sources are recognized when earned, with the exception of federal government reimbursements. Reimbursements, upon audit verification of yearly losses are recorded on a cash basis. Advance payments made prior to final determination of losses are recorded on an accrual basis. Telecommunications toll revenue adjustments are recognized when measurement is reasonable.

Inventory

With the exception of used rail, all materials and supplies are valued at average cost. Used rail is shown at unamortized book value determined at the time of retirement.

Investment in Capital Assets and Amortization

Capital assets are stated at acquisition cost. Amortization is calculated using the straight-line method over the estimated service lives of the assets.

The estimated service lives for principal categories of assets are as follows:

Roadway - main line and branches	20 to 50 years
Railway diesel locomotives	25 years
Railway cars	33 years
Marine vessels	20 to 30 years
Buildings	50 years
Telecommunications equipment	15 years
Vehicles	3 years
Coaches	12 years

Ontario Northland Transportation Commission Summary of Significant Accounting Policies (continued)

December 31, 1998

Investment in Capital Assets and Amortization (continued)

The Province of Ontario reimburses the Commission for the cost of certain capital assets purchased for use in operations designated as non-commercial by the Province. The Commission records these assets at their original cost together with an offsetting credit to contributed surplus. Annual amortization on these capital assets is recorded as a reduction of contributed surplus.

Self-Insurance Fund

The self-insurance fund assets are stated at acquisition cost.

Income Taxes

As an agency of the Province of Ontario, the Commission is exempt from income taxes. This exemption extends to its wholly-owned subsidiaries, and accordingly no tax provision is recorded in these financial statements.

Accounting Estimates

Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Ontario Northland Transportation Commission Notes to Consolidated Financial Statements

(dollars in thousands)

December 31, 1998

1. Self-Insurance Fund

The Commission follows the policy of self-insuring for damages from rolling stock derailments and for cargo damage. Annual contributions to the self-insurance fund consist of a \$100 premium paid by the Commission in addition to investment income earned on fund assets. Due to larger than anticipated disbursements from the fund in 1996 resulting from several rail derailments, the Commission approved an increase in the premium paid in 1997 to \$500. Fund assets are comprised of investments in federal and provincial government bonds.

Interest rates on the above mentioned bonds vary from 5.10% to 14.25% per annum. Maturity dates on these investments are staggered ranging from June 9, 1999 to October 16, 2006.

2. Operating Line of Credit

The Commission has a demand operating line of credit bearing interest at prime less 0.5%. The maximum draws that can be advanced on this operating line are \$8,000. Included in bank loans and overdrafts at year end are draws on the operating line of \$2,000 (1997 - \$Nil).

3. Deferred Pension Charge

The Commission is the trustee for its contributory pension plan which covers all permanent staff.

The net cost of pension benefits is actuarially determined on the basis of management's best estimates using the projected benefit method pro-rated over the service lives of the employees. The net cost of pension benefits includes the amortization over the remaining service lives of the plan members of the initial net pension surplus and the 1997 experience gain. Pension plan assets were valued at a market related value based on recognizing the difference between book and market values at each year end over a five year period.

The Commission's share of the net (recovery) cost of pension benefits earned by employees during the year was (\$3,097) (1997 - \$1,120). In 1998 the Commission funded the amount of \$2,123 (1997 - \$2,108). The accumulated excess of the funded amount over the net cost of benefits earned is recorded as a deferred pension charge on the balance sheet.

The actuarial valuation prepared for accounting purposes as at December 31, 1998 disclosed market value of plan assets of \$378,778 (1997 - \$365,456) and present value of accrued pension benefits of \$304,745 (1997 - \$298,910). This valuation assumed an expected rate of return on plan assets of 6-1/2 percent and projected pay increases of 4-1/2 percent.

Ontario Northland Transportation Commission Notes to Consolidated Financial Statements

(dollars in thousands)

December 31, 1998

4. Long-Term Debt

Long-term debt is comprised of the following:

	<u>1998</u>	<u>1997</u>
Loan from Province of Ontario, non-interest bearing with no specific terms of repayment.	\$ 35,208	\$ 35,208
Loan from Ontario Financing Authority, bearing interest at 5.64% per annum, blended monthly payments of \$43 for 10 years.	3,744	-
Loan from Ontario Financing Authority, bearing interest at 5.6% per annum, blended monthly payments of \$156 for 15 years beginning January 1, 2000.	^(a) 9,900	-
	48,852	35,208
Less current portion	315	-
	<u>\$ 48,537</u>	<u>\$ 35,208</u>

- (a) The total approved amount of this loan is \$19,014 under the terms mentioned above. Construction advances of \$5,300 and \$4,600 were made on December 15, 1998 and December 31, 1998, respectively. Interest at a rate of 5.05% on the \$5,300 advance and 5.15% on the \$4,600 advance is due and payable prior to commencement of payments on the \$19,014 loan. Further advances will be made during construction up to the total amount of the loan. Interest on construction advances will be the Ontario Financing Authority's short term cost of borrowing plus .25%.

Payments required in the next five years are as follows:

1999	\$ 315
2000	1,169
2001	1,237
2002	1,308
2003	1,381

Ontario Northland Transportation Commission

Notes to Consolidated Financial Statements

(dollars in thousands)

December 31, 1998

5. Retirement Incentive

In connection with changes to government reimbursement and as a response to the general economic climate, incentives to retire were extended to a number of the Commission's employees in 1996. A total of 167 employees accepted the offer at a cost of \$5,664. Total expense reflected at December 31, 1997 is \$225, this represents the underaccrual for settlement of the 1996 retirements and an additional four employees retired in 1997.

6. Government Reimbursement

In accordance with a Memorandum of Understanding between the Commission and the Ministry of Northern Development and Mines, certain operations of the Commission have been designated as non-commercial. The Commission and the Ministry entered into a fixed price contract which defined the amount of compensation which the Province of Ontario provided for the year 1998. In 1995, the provincial government announced a plan to reduce reimbursements to the Commission. Reductions amounted to \$7,000 in 1996 and \$4,000 in 1997.

A portion of the operating loss of the weekday passenger train service between North Bay and Toronto is reimbursed by the National Transportation Agency of Canada under Section 270 of the Railway Act. The federal government revoked the Railway Act during 1996 and replaced it with the Canada Transportation Act. Negotiations between the Commission and Transport Canada concluded in 1996. The amount of annual reimbursement has been fixed at \$2,500 for a five year period.

Details of Government Reimbursement are as follows:

	<u>1998</u>	<u>1997</u>
From Province of Ontario:		
Rail - Passenger Service and Moosonee Branch	\$ 3,231	\$ 3,231
Marine Services (Moosonee)	50	50
Marine Services (Owen Sound)	<u>890</u>	<u>890</u>
	<u>4,171</u>	<u>4,171</u>
From National Transportation Agency:		
Adjustments from prior years	-	<u>1,989</u>
From Transport Canada:		
Current years operations	<u>2,500</u>	<u>2,500</u>
	<u>\$ 6,671</u>	<u>\$ 8,660</u>

Ontario Northland Transportation Commission

Notes to Consolidated Financial Statements

(dollars in thousands)

December 31, 1998

7. Telecommunications Revenue Agreements

The Commission has a traffic agreement with Bell Canada that covers all long distance services that either originate within and terminate outside or originate outside and terminate within the Commission's service area. This agreement may be terminated by either party after giving 180 days notice. Bell Canada gave notice that they wished to terminate this agreement in 1997. Pending final negotiation of a new agreement, the terms and conditions of the old agreement are being continued on a monthly basis. During 1997 the Commission received and recognized \$3,417 from Bell Canada in revenue settlement adjustments for prior periods dating back to 1987.

8. Unusual Items

Write-down of ferry vessel Nindawayma	\$ 3,311
Write-down of deferred land development costs	1,300
Write-down of railway passenger rolling stock	<u>15,095</u>
	<u>\$ 19,706</u>

Steps taken to dispose of the ferry vessel Nindawayma in 1996 continued into 1998. It has become apparent that the net realizable value of this asset has fallen below carrying value. Accordingly in 1998, the remaining residual net book value of the asset has been written off.

The process of selling land held by the Commission in Timmins, Ontario began in 1998. It has become evident that the net realizable value of development costs associated with the land has fallen below its carrying value. The development costs are accordingly being written down by \$1,300.

In connection with the transfer of responsibility for reimbursement of the operating loss of the weekday passenger train service between North Bay and Toronto from the National Transportation Agency to Transport Canada, the carrying value of the passenger rolling stock (converted unilevel commuter cars) was examined. Management has determined that the net realizable value of these assets has fallen below their carrying value and accordingly, they have been written down. In determining the amount of the writedown, management considered both an independent valuation of these cars conducted during the year as well as negative cash flows produced by the passenger train service. (see Note 12)

9. Regulatory Approval

In order to secure new rail freight traffic, the Commission is participating in the funding of the regulatory approval process required to obtain a license to use the former Adams Mine as a solid waste disposal site. The costs are being shared between the Commission and two other companies. The amounts are being charged to operations in the year of payment. In 1997 the Commission's final commitment was paid.

Ontario Northland Transportation Commission Notes to Consolidated Financial Statements

(dollars in thousands)

December 31, 1998

10. Air Service Contracts

The Commission contracted for the provision of alternate transportation for some communities affected by the closure of the Air Services division (norOntair) until other arrangements could be made. This contractual arrangement extended into the second quarter of 1997. Upon completion of this contract, the Commission began the provision of funds directly to some of the affected communities in order that they may arrange alternate modes of transport. These payments may be found in Schedule 2 under the caption Air Service Contracts, and the payments which originally were expected to end in 1999 will now continue into 2000.

11. Contributions from the Province of Ontario

Proceeds on disposition of \$12,347 from the sale of capital assets as a result of the closure of the Air Services division (norOntair) are being treated as an injection of surplus from the Province of Ontario. This approach has been taken because the Commission was reimbursed the cost of the assets by the Province of Ontario on their original purchase. The net book value of the assets was essentially Nil when offset by unamortized contributed surplus. The funds received upon sale of these capital assets are to be earmarked for the restructuring of operations, pursuit of new viable business opportunities and the recapitalization of equipment.

12. Contingencies

Various statements of claim have been issued against the Commission claiming damages. Damages, if any, cannot be estimated at this time and in any event the Commission is of the opinion that these claims would be unfounded or covered by insurance. Should any loss result, it would be charged to operations when the amount is ascertained.

A claim for \$3,000 has been submitted to the National Transportation Agency as partial reimbursement of the write-down of railway passenger rolling stock under the Railway Act. Management is of the opinion that the Commission has a valid claim and is entitled to payment. The likelihood of the success of the claim is not determinable at this time and as a result is not reflected in these financial statements.

13. Government Assistance

Under an agreement dated February 24, 1992 the Commission became eligible to receive \$4,250 in loan proceeds from the Northern Ontario Heritage Fund Corporation (the Heritage Fund), to assist with the purchases of certain specified capital assets. In accordance with the terms of the agreement the Commission must lease the assets to Algoma Central Railway for a nominal fee of \$1 per year. The loan is non interest bearing and may be repaid at a mutually agreed date between the Commission and the Heritage Fund by conveyance of the title of the assets to the Heritage Fund. As at December 31, 1998 a total of \$4,179 (1997 - \$4,151) has been received and has been recorded as a reduction of the cost of the capital assets.

Ontario Northland Transportation Commission
Notes to Consolidated Financial Statements
(dollars in thousands)

December 31, 1998

14. Financial Instruments

The Commission's financial instruments consist of cash and term investments of the self insurance fund, accounts receivable, bank loans and overdrafts, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

A portion of the Commission's accounts payable will be settled in US dollars within two months of the end of the fiscal year.

15. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

If the Year 2000 Issue is not addressed by the Commission and its major customers, suppliers and other third party business associates, the impact on the Commission's operations and financial reporting may range from minor errors to significant systems failure which could affect the Commission's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

16. Related Party Transactions

During the year, the Commission charged the ONTC Contributory Pension Fund \$185 (1997 - \$283) for financial and administrative support.

Ontario Northland Transportation Commission
Notes to Consolidated Financial Statements
(dollars in thousands)

December 31, 1998

16. Related Party Transactions (continued)

During 1998, the Rail Services division (of the Commission) charged the Telecommunications division (of the Commission) \$985 (1997 - \$985) for the use right-of-way over Rail Services land. This amount is disclosed as revenue to the Rail Services division and an expense to the Telecommunications division. Management believes that this transaction was consummated on terms no more or less favourable than those that could have been obtained from other third parties.

17. Long-Term Receivables

	<u>1998</u>	<u>1997</u>
Mortgage receivable, 7%, due April 1999, payments of interest only, due semi annually, secured by land.	\$ -	\$ 650
Long-term receivables - Amounts recoverable from parties as the result of operational events which will be resolved beyond the next fiscal period.	<u>2,864</u>	<u>2,864</u>
	<u>\$ 2,864</u>	<u>\$ 3,514</u>

18. Marine Services Revenue - Pelee Island

The contract for the provision of marine services to Pelee Island was subject to renewal December 31, 1998. The contract was renewed for a one year period from January 1, 1999 to December 31, 1999.

19. Comparative Figures

Prior year's figures have been reclassified where necessary to conform to the current year's presentation.

**Ontario Northland Transportation Commission
Statement of Employees Paid in Excess of \$100,000**

December 31, 1998

Name	Position	Salary	Taxable Benefits
K J Wallace	President and C.E.O.	\$ 145,475	\$ 8,801
R G Leach	Vice President Rail Services	115,844	1,149
R S Hutton	Vice President Telecommunications	113,672	1,171
S G Carmichael	Vice President Finance and Administration	113,672	1,171

Prepared under the Public Sector Salary Disclosure Act, 1996

Office of the
Provincial Auditor
of Ontario



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Auditor's Report

To the Ontario Transportation Capital Corporation,
the Minister of Transportation
and to the Minister of Finance

I have audited the balance sheet of the Ontario Transportation Capital Corporation as at March 31, 1999 and the statements of operations and accumulated deficit, and of changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, reading 'Erik Peters'.

Toronto, Ontario
May 4, 1999

Erik Peters, FCA
Provincial Auditor

ONTARIO TRANSPORTATION CAPITAL CORPORATION

BALANCE SHEET

As at March 31

(thousands of dollars)

1999

1998

Assets

Cash	\$	851	\$	123
Accounts receivable (note 3)		26,871		14,367
Net investment in leases (note 4)		9,533		6,692
Due from Province (note 5a)		17,949		16,893
Deferred financing costs		12,854		13,327
Other Assets		2,816		-

Capital Assets:

Equipment held for leasing purposes	5,791	4,237
Conditional mobilization advance	-	6,933
Toll highway (note 2)	1,558,394	1,522,870
Land for toll highway	362,016	334,509
	<u>1,926,201</u>	<u>1,868,549</u>

\$	1,997,075	\$	1,919,951
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Liabilities

Accounts payable and accrued liabilities	\$	16,707	\$	26,295
Due to Province (note 5a)		52,230		16,321
Notes payable (note 5b)		508,978		921,709
		<u>577,915</u>		<u>964,325</u>
Long term debentures (note 5b)		1,000,000		500,000
Other long term debt (note 6)		2,892		-
Deferred liability		3,389		-
		<u>1,584,196</u>		<u>1,464,325</u>

Contributed Surplus (note 5a)

455,626 455,626

Accumulated Deficit

- (42,747) -

Commitments and Contingencies (note 7)

\$	1,997,075	\$	1,919,951
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See accompanying notes to Financial Statements

On behalf of the Board of Directors:

Director



Director



ONTARIO TRANSPORTATION CAPITAL CORPORATION **STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT**

For the year ended March 31
(thousands of dollars)

1999

1998 (Note 9)

Operating revenues

Tolling	\$ 100,942
Fees	11,367
Other	921
Total operating revenues	<u>113,230</u>

Operating expenses

Highway tolling	\$ 26,730
Highway maintenance	12,055
Administration	8,670
Total operating expenses	<u>47,455</u>

Operating surplus

\$ 65,775

Amortization of Capital assets	\$ 9,472
Provision for future highway rehabilitation	3,389
Interest on capital investment	95,661

Net deficit

\$ (42,747)

Opening balance

-

Accumulated deficit - End of Year

\$ (42,747)

ONTARIO TRANSPORTATION CAPITAL CORPORATION **STATEMENT OF CHANGES IN FINANCIAL POSITION**

For the year ended March 31
(thousands of dollars)

1999 **1998**

Operations

Net deficit for the year	\$ (42,747)	-
Amortization of capital assets	9,472	-
Provision for future highway rehabilitation	3,389	-
Cash used in operations before working capital	(29,886)	-
Changes in working capital		
Increase in accounts receivable	(12,504)	(13,934)
(Decrease) Increase in accounts payable and accrued liabilities	(9,588)	3,886
Change in working capital	(22,092)	(10,048)
Cash used in operations	\$ (51,978)	\$ (10,048)

Financing activities

Increase in net investment in leases	\$ (2,841)	\$ (6,692)
Decrease in deferred financing costs	473	473
Net Increase (Decrease) in due to Province	34,853	(780)
(Decrease) Increase in notes payable	(412,731)	322,880
Increase in long term debt	502,892	-
Increase in contributed surplus	-	184
Cash provided from financing activities	\$ 122,646	\$ 316,065

Investing activities

Purchase of other assets	\$ (2,816)	-
Additions to capital assets	(67,124)	(306,012)
Cash used for investing activities	\$ (69,940)	\$ (306,012)
Net increase in cash	\$ 728	\$ 5
Cash beginning of period	123	118
Cash end of period	\$ 851	\$ 123

ONTARIO TRANSPORTATION CAPITAL CORPORATION

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 1999**GENERAL**

The Ontario Transportation Capital Corporation (the "Corporation") was established on November 15, 1993 under the authority of the **Capital Investment Plan Act** (the "Act"). In accordance with the Act, the Corporation's objects are:

- i) to provide financing for transportation programs and projects;
- ii) to facilitate the development and implementation of these programs and projects as well as facilities and resources related to them; and
- iii) any additional objects as directed by the Lieutenant Governor in Council.

In accordance with the provisions of the Act, the Corporation is incorporated under the laws of Ontario. The Corporation is exempt from Federal and Provincial incomes taxes under the Income Tax Act of Canada.

As of April 1, 1998, the highway was determined to be substantially complete. As this is the first full year of operations, a Statement of Operations and Accumulated Deficit has been provided for the first time.

Effective April 6, 1999, a number of events and transactions occurred to facilitate the Province's sale of the toll highway, which was completed on May 5, 1999. Additional details on the subsequent events are outlined in Note 8.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants. Included below are those accounting policies which are of significance to the Corporation including those selected from acceptable alternatives.

a) Toll Highway

The toll highway is stated at cost and includes the highway, operations centre and tolling equipment.

The cost of the toll highway includes direct construction or development costs (such as material and labour), interest and administration costs directly attributable to the construction or development activity, net of toll revenues, during the construction phase.

b) Amortization of Toll Highway

i) Operations Centre and Tolling Equipment

The Operations Centre building and tolling equipment are amortized over their estimated useful lives on a straight line basis over thirty and ten years respectively, commencing the year following capital additions.

ii) Toll Highway – Roadways and Related Structures

The Corporation follows a policy of establishing a provision for major rehabilitation and maintenance costs for the highway in lieu of amortizing the cost of the roadways and related structures. The provision is built up annually on a straight line basis by the estimated amount of rehabilitation and maintenance required over the next 30 years to maintain the roadways and related structures in accordance with safety and operations standards currently in place. Professional engineering assessments will periodically be performed to ensure the rehabilitation and maintenance estimates are sufficient to maintain the highway at the defined level of service. If these assessments indicate the maintenance is not sufficient, then an accelerated provision rate will be taken.

This provision is reflected as a deferred liability on the balance sheet, with actual expenditures being charged against this account as incurred.

c) Contributed Surplus

Contributed structures (bridges and interchange work in progress) and capitalized administration costs of \$201,909 contributed by the Province of Ontario are recorded at the Province's cost as contributed surplus. These structures will follow the amortization policy outlined in 1b)ii).

Contributed lands of \$253,717 are recorded as contributed surplus and will not be amortized. These lands are recorded at their estimated fair value at the date of transfer.

d) Deferred Financing Costs

Deferred financing costs are being amortized on a straight-line basis over the term of the related debt. The amount of the amortization is included in interest on capital investment.

2 TOLL HIGHWAY

(thousands of dollars)		1999		1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Toll Highway	\$ 1,454,419	-	\$ 1,454,419	\$ 1,420,821
Tolling Equipment	102,448	(9,105)	93,343	91,050
Operations Centre	10,999	(367)	10,632	10,999
	\$ 1,567,866	\$ (9,472)	\$ 1,558,394	\$ 1,522,870

3 ACCOUNTS RECEIVABLE

(thousands of dollars)	1999	1998
Toll receivables	\$24,396	\$11,325
Advances to Facility Operator	997	-
Due from other governments	-	2,864
Other	1,478	178
	\$26,871	\$14,367

4 NET INVESTMENT IN LEASES

The Corporation has entered into various customer agreements that enable the customers to retain a transponder. The agreements are such that substantially all of the benefits and risks of ownership of a transponder are transferred to the customer. As a result, these agreements have been reflected as direct financing leases.

Finance income related to direct financing leases is recognized in a manner that produces a constant rate of return on the investment in leases. The investment in leases for purposes of income recognition is composed of net minimum lease payments and accrued finance income.

5 RELATED PARTY TRANSACTIONS

a) Province of Ontario

i) Intercompany Accounts

On March 31, 1999, the Corporation had accounts receivable and accounts payable with the Province of Ontario, and agencies of the Crown, as follows:

	Due from the Province		Due to the Province	
(thousands of dollars)	1999	1998	1999	1998
Ministry of Transportation	\$17,544	\$16,488	\$ 571	\$ 445
Ontario Financing Authority	-	-	28,518	15,865
Ontario Realty Corporation	-	-	22,619	-
Ministry of Finance	405	405	522	11
	\$17,949	\$16,893	\$52,230	\$16,321

Amounts due from and due to the Ministry of Transportation relate to the toll highway. If subsequent phases of the highway are tolled, \$18 million due from the Ministry of Transportation will be capitalized against Toll Highway.

Amounts payable to the Ontario Financing Authority relate to accrued interest costs associated with the long term debentures and promissory notes payable.

Amounts payable to the Ontario Realty Corporation relate to amounts owing for toll highway lands acquired by the Ontario Realty Corporation on behalf of the Corporation.

Amounts due from and payable to the Ministry of Finance relate to provincial sales tax.

These transactions are considered to be in the normal course of business and at fair market value.

ii) Contributed surplus

Contributed surplus relates to the contribution of lands and highway structures (bridge and interchange work in process) from the Province of Ontario used for the purpose of the toll highway.

b) Ontario Financing Authority**Notes Payable**

The Corporation has entered into interim financing arrangements with the Ontario Financing Authority. On March 31, 1999, interim financing consisted of a number of promissory notes totalling \$509 million (1998 - \$922 million) at interest rates ranging from 5.15% to 5.65% per annum (1999 - 4.90% to 4.97% per annum) for terms not exceeding one year.

Long term debentures

Long term debt is comprised of two debentures to the Ontario Financing Authority as follows:

(thousands of dollars)			
Amount	Interest Rate	Maturity	Interest Paid
\$500,000	8.25%	June 2, 2026	Semi-annually on June 2, and December 2 of each year to maturity.
\$500,000	6.66%	August 28, 2013	Semi-annually on August 28, and February 28 of each year to maturity.

The principal sum of each debenture is payable in full on June 2, 2026 and August 28, 2013 respectively.

6 OTHER LONG TERM DEBT

Other Long Term Debt of \$2,892 million represents amounts owing to a municipality for the acquisition of lands for the purpose of the toll highway. The repayment of this obligation is related to toll revenues generated from the relevant interchange. Interest at the prime rate plus 3% is due on amounts outstanding, once the obligation to pay in accordance with the revenue formula, arises.

7 COMMITMENTS AND CONTINGENCIES**a) Operating Agreements**

On April 1, 1997 the Corporation entered into an operating, maintenance, management and rehabilitation agreement with the facility operator for 30 years ending March 31, 2027 on a cost plus basis. Under this agreement, the facility operator entered into various subcontracts in order to fulfil operating requirements. Of these, a major subcontract for operating, maintaining managing and rehabilitating the toll system was entered into on April 1, 1997 for a term of 7 years on a cost plus basis, expiring on March 31, 2004.

b) Possible Claims

As of March 31, 1999 there are various possible claims against the Corporation for which a provision has been made in these financial statements. It is not possible to determine the amounts that may ultimately be assessed against the Corporation with respect to these possible claims. Management believes that any such amount would not have a material impact on the business or financial position of the Corporation.

Any settlements which may arise from those claims that have not been provided for, would be recorded against income in the periods in which they occur.

8 SUBSEQUENT EVENTS**a) Sale of Toll Highway**

Pursuant to the Highway 407 Act, 1998, to facilitate the sale of the toll highway by the Province of Ontario, the following events and transactions took place effective April 6, 1999:

- i. The Corporation was continued as a share capital corporation under the Ontario Business Corporations Act, wholly owned by the Province, and renamed '407 ETR Concession Company Limited';
- ii. The Ontario Financing Authority assigned and transferred all of its right, title and interest in debt owed to it by the Corporation, including long term debt, promissory notes and accrued interest, to the Province;
- iii. The Corporation transferred all of its land to the Province at a value of \$362 million;
- iv. The Corporation leased back the Highway 407 lands, the operations centre lands and the patrol yard from the Province for 99 years, and has prepaid the ground rent of \$99.00. The Province transferred title to all improvements on Highway 407 West to the Corporation, valued at \$38 million;

- v. To facilitate the sale of the Corporation on a debt-free basis, the debt of the Corporation, adjusted for various transactions between the Corporation and the Province, (including (iii) and (iv) above) was converted into contributed surplus of the Corporation. The balance of contributed surplus on April 6, 1999 is made up of the following items:

	(\$000's)
Long term debentures and notes payable	\$1,508,978
Due to Province	54,645
Due from Province	(17,992)
Deferred financing costs	(12,847)
Highway structures	38,000
Land for Toll Highway	<u>(362,016)</u>
 Total Contributed Surplus Adjustments	 <u>\$1,208,768</u>
 Add Existing Contributed Surplus Balance Before Adjustments	 <u>\$ 455,626</u>
 Total Contributed Surplus Converted Into Share Capital effective April 6, 1999	 <u>\$1,664,394</u>

As a result of these transactions, effective April 6, 1999, contributed surplus of the Corporation was converted into common share capital of the Corporation at a value of \$1,664,394.

On May 5, 1999, the Province completed the sale of 100% of the issued and outstanding shares of 407 ETR Concession Company for proceeds of approximately \$3.1 billion.

b) April 1, 1999-April 5, 1999 Financial Results

For the period April 1, 1999-April 5, 1999, all transactions were in the normal course of business except for the above-noted events and a provision for severance pay related to employees terminated from the Corporation upon its sale. An audit of the Corporation's financial statements for the period April 1, 1999 to May 4, 1999 will be undertaken.

9 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

No comparative figures have been presented on the Statement of Operations and Accumulated Deficit, as this is the first year of operations.

10 SALARIES

Provincial legislation requires disclosure of Ontario public sector employees paid an annual salary in excess of \$100,000 in calendar year 1998. Accordingly, the following salary is disclosed:

	Salary	Benefits
Garner, David President & Chief Executive Officer	\$120,627	\$ 328

11 UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using a year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

SERVICE ORGANIZATIONS

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Board of Directors, AgriCorp
and to the Minister of Agriculture, Food and Rural Affairs

I have audited the balance sheet of AgriCorp as at March 31, 1999 and the statements of operations and fund balances and changes in financial position for the year ended March 31, 1999. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, reading 'K.W. Leishman'.

K.W. Leishman, CA
Assistant Provincial Auditor

Toronto, Ontario
May 28, 1999

AGRICORP**Balance Sheet
As at March 31, 1999**

	March 31 1999 (\$000's)	March 31 1998 (\$000's) (Note 3)
ASSETS		
Cash	274	2,665
Accounts receivable (Note 5)	7,657	6,573
Investments (Note 6)	296,136	228,517
Due from the Minister of Finance (Note 7)	348,502	325,002
Capital assets (Note 8)	<u>987</u>	<u>956</u>
	<u>653,556</u>	<u>563,713</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Unearned premiums and revenue (Note 9)	12,876	10,290
Provision for unsettled indemnities (Note 2)	61,376	10,900
Accounts payable and accrued liabilities (Note 19)	<u>14,963</u>	<u>2,662</u>
	<u>89,215</u>	<u>23,852</u>
Fund Balances (Note 1)		
General Fund	1,527	1,527
Ontario Crop Insurance Fund	274,752	222,886
Market Revenue Program	<u>288,062</u>	<u>315,448</u>
	<u>564,341</u>	<u>539,861</u>
	<u>653,556</u>	<u>563,713</u>

See accompanying notes to financial statements.

On behalf of the Board:


Chair


Member

AGRICORP**Statement of Operations and Fund Balance – General Fund
For the Year Ended March 31, 1999**

	To March 31 1999 (\$000's)	To March 31 1998 (\$000's) (Note 3)
Revenue		
Sales, consulting and other services	1,022	872
Interest income	108	146
Operating funding (Note 12)	<u>13,958</u>	<u>13,442</u>
	<u>15,088</u>	<u>14,460</u>
Expenses		
Selling, general and administrative	14,470	14,077
Depreciation	<u>618</u>	<u>176</u>
	<u>15,088</u>	<u>14,253</u>
Excess of revenue over expenses	—	207
Balance, beginning of period	1,527	—
Start-up funding (Note 16)	<u>—</u>	<u>1,320</u>
Balance, end of period	<u><u>1,527</u></u>	<u><u>1,527</u></u>

See accompanying notes to financial statements.

AGRICORP**Statement of Operations and Fund Balance – Ontario Crop Insurance Fund
For the Year Ended March 31, 1999**

	To March 31 1999 (\$000's)	To March 31 1998 (\$000's) (Note 3)
Revenue		
Premiums from insured producers	40,429	36,418
Premium funding (Note 4)	40,429	36,418
Interest and investment income	<u>14,569</u>	<u>10,058</u>
	<u>95,427</u>	<u>82,894</u>
Expenses		
Indemnities (Note 10)	35,415	40,589
Reinsurance (Note 17)	8,050	—
Bad debt expense	<u>96</u>	<u>323</u>
	<u>43,561</u>	<u>40,912</u>
Excess of revenue over expenses	51,866	41,982
Balance, beginning of period	<u>222,886</u>	<u>180,904</u>
Balance, end of period	<u><u>274,752</u></u>	<u><u>222,886</u></u>

See accompanying notes to financial statements.

AGRICORP

Statement of Operations and Fund Balance – Market Revenue Program
For the Year Ended March 31, 1999

	To March 31 1999 (\$000's)	To March 31 1998 (\$000's) (Note 3)
Revenue		
Premium funding (Note 4)	18,606	31,516
Interest income	<u>15,879</u>	<u>12,488</u>
	<u>34,485</u>	<u>44,004</u>
Expenses		
Indemnities (Note 10)	61,927	11,785
Bad debt expense (recoveries)	<u>(56)</u>	<u>(45)</u>
	<u>61,871</u>	<u>11,740</u>
Excess/(Deficiency) of revenue over expenses	(27,386)	32,264
Balance, beginning of period	<u>315,448</u>	<u>283,184</u>
Balance, end of period	<u><u>288,062</u></u>	<u><u>315,448</u></u>

See accompanying notes to financial statements.

AGRICORP

Statement of Changes in Financial Position
For the Year Ended March 31, 1999

	To March 31 1999 (\$000's)	To March 31 1998 (\$000's) (Note 3)
Cash derived from (applied to):		
Operating Activities		
Excess of revenue over expenditures - Crop Insurance Fund	51,866	41,982
Excess of revenue over expenditures - General Fund	—	207
Depreciation	<u>618</u>	<u>176</u>
	52,484	42,365
Changes in balances related to operations		
(Increase)/Decrease in accounts receivable	(1,084)	23,115
Increase in accounts payable and accrued liabilities	12,301	2,657
Increase in unearned premiums and revenue	2,586	3,415
Increase/(Decrease) in provisions for unsettled indemnities	50,476	(18,959)
Capital change due to Market Revenue (Note 7)	<u>(50,886)</u>	<u>(27,241)</u>
Total Operating Activities	<u>65,877</u>	<u>25,352</u>
Investing Activities		
Purchase of capital assets	(649)	(1,132)
Purchase of investments	<u>(67,619)</u>	<u>(21,495)</u>
Total Investing Activities	<u>(68,268)</u>	<u>(22,627)</u>
Financing Activities		
Start-up funding	<u>—</u>	<u>1,320</u>
Total Financing Activities	<u>—</u>	<u>1,320</u>
Increase (decrease) in cash position	(2,391)	4,045
Cash balance, beginning of period	<u>2,665</u>	<u>(1,380)</u>
Cash balance, end of period	<u><u>274</u></u>	<u><u>2,665</u></u>

See accompanying notes to financial statements.

AGRICORP

Notes to Financial Statements
March 31, 1999

1. NATURE OF OPERATIONS

The *AgriCorp Act, 1996* established AgriCorp as a new Crown agency effective January 1, 1997. The Corporation was established without share capital. Its mandate is to design and deliver agricultural safety net plans and other food products and services to the farm, food and rural sectors of Ontario. Current safety net programs include the Crop Insurance and the Market Revenue Programs.

The Ontario Crop Insurance Fund was established in 1966 and currently operates pursuant to the *Crop Insurance Act (Ontario), 1996*. The program provides growers with protection on all major crops grown in Ontario, against yield reduction caused by natural perils.

The Market Revenue program was established pursuant to the Interim Gross Revenue Insurance Plan (GRIP) agreement established by the Government of Canada with the provinces and commenced operations on April 1, 1991. The Program protects farmers against reduced income caused by low market prices of certain designated crops.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants.

(b) Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is provided using the straight line method over the estimated useful life of the assets as listed below.

Furniture and equipment	4 years
Vehicles	4 years
Computer hardware	3 years
Computer software	2 years
Leasehold improvements	remaining life of the lease

(c) Pension Plan

Full-time employees participate in a mandatory contributory defined benefit pension plan administered by a third-party administrator. The Corporation matches employees' contributions. Pension plan assets are valued using current fair values and adjustments are amortized on a straight-line basis over the expected average remaining service life of the employee group.

(d) Investments

Interest income, gains and losses on disposal, amortization of premiums and discounts and write-downs to market value are reported in investment income. Market Revenue, Crop Insurance and General Fund cashflows and investments are segregated avoiding the need for allocation of investment income. Short-term investments are acquired primarily for the purpose of liquidity and are intended to be held for less than one year. Short-term investments are carried at cost which approximates market value. Long-term investments are recorded at cost net of accumulated premiums and discounts amortized over the term to maturity.

AGRICORP**Notes to Financial Statements
March 31, 1999**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Provision for Unsettled Indemnities**

Provision for unsettled indemnities represents management's best estimates of amounts to be paid. Market Revenue Program payments are based on a formula which cannot be completed until the end of the 1999 calendar year. Certain Crop Insurance claims remained unsettled at year-end and were either quantified based on settlement amounts after year-end or management estimates were made.

(f) Revenue Recognition

Premiums received in the period are deferred for crops which will be harvested subsequent to the end of the fiscal year.

3. COMPARATIVE FIGURES

The balances noted as the comparative figures are for the 15-month period ended March 31, 1998.

4. CANADA-ONTARIO COST SHARING AGREEMENTS**(a) Crop Insurance**

The current Canada-Ontario Crop Insurance Agreement came into effect April 1, 1997 and has no explicit expiry date. It can be terminated by either party with advance notice of two complete fiscal years. Under the terms of the Agreement, the Province and the Federal government share equally the cost of 50% of the premium with the producers paying the remaining 50%. The two levels of government share equally the selling, general and administrative expenses.

(b) Market Revenue

Effective April 1, 1996 the Government of Canada and Ontario signed a new agreement termed the Canada-Ontario Market Revenue Agreement. This Agreement is in effect for 1999 and unless extended, expires March 31, 2000. Under the terms of the Agreement, the Federal government is required to contribute \$10 million to the Market Revenue Program on November 1st of each year. Subject to the availability of funds, Canada will also contribute an amount not to exceed an additional \$20 million per fiscal year. Ontario's contribution to the program is based on the residual funds available after deducting the contributions made to other programs from the total amount appropriate annually for safety net supports. The Province and the Federal government each share equally in the cost of selling, general and administrative expenses.

AGRICORP

Notes to Financial Statements
March 31, 1999

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	March 31 1999 (\$000's)	March 31 1998 (\$000's)
Government funding	6,211	5,253
Accrued interest	54	1,180
Producer premiums, net	1,125	63
Trade	267	77
	<u>7,657</u>	<u>6,573</u>

6. INVESTMENTS

Legislation restricts the Corporation's investments to highly liquid, high grade money market instruments such as federal and provincial bonds, deposit notes issued by domestic financial institutions and other securities approved by the Minister of Finance.

(a) Portfolio Profile

Investments are as follows:

	1999			1998		
	Carrying Amount	Fair Value (\$000's)	Excess	Carrying Amount	Fair Value (\$000's)	Excess
Short-term	129,176	128,931	(245)	115,590	115,548	(42)
Long-term						
Government of Canada	36,817	36,013	(804)	11,732	11,627	(105)
Province of Ontario	30,437	31,226	789	30,179	30,696	517
Other provincial governments	50,494	50,256	(238)	24,877	24,970	93
Provincial Utilities	33,804	34,360	556	33,092	33,124	32
Other financial institutions	15,408	15,347	(61)	13,047	13,148	101
Total long-term	166,960	167,202	242	112,927	113,565	638
Total investments	296,136	296,133	(3)	228,517	229,113	596

(b) Impaired Assets and Provisions for Losses

During 1998/99 there were no specific writedowns made against the bond portfolio or bonds in default during the current or the prior period.

AGRICORP

Notes to Financial Statements
March 31, 1999

6. INVESTMENTS (CONTINUED)

(c) Investment Risk

The coupon rates for the long-term bond portfolio ranged from 5% to 11.25% with a weighted average yield of 5.32%. Fluctuations in interest rates could have a significant impact on the market value of the bond portfolio. This could result in realized gains or losses if actual claims levels differed significantly from expected and quick liquidation of assets were required to meet obligations. At March 31, 1999, a 1% move in interest rates could impact the market value by approximately \$12.1 million but bonds are generally held to maturity.

(d) Maturity Profile of the Bond Portfolio

	1998/99 (\$000's)	1997/98 (\$000's)
<1 Year	129,176	115,590
1-3 Years	12,572	24,234
3-5 Years	8,114	4,497
>5 Years	<u>146,274</u>	<u>84,196</u>
Total	<u>296,136</u>	<u>228,517</u>

7. DUE FROM THE MINISTER OF FINANCE

Pursuant to Order-in-Council 1546/91, an account has been established in the Ontario Government's Consolidated Revenue Fund to receive Market Revenue Program contributions from Canada, Ontario and prior to the 1995 crop year, insured producers. Interest is paid quarterly on the account's average daily closing value based on the average Bank of Canada treasury bill rate. This account is used to administer the Program and cannot be accessed for the general operating, financing and investing activities of AgriCorp.

8. CAPITAL ASSETS

	March 31, 1999 (\$000's)			March 31, 1998 (\$000's)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	905	273	632	319
Computer software	707	464	243	471
Leasehold improvements	115	37	78	123
Vehicles	50	19	31	39
Furniture and fixtures	<u>5</u>	<u>2</u>	<u>3</u>	<u>4</u>
	<u>1,782</u>	<u>795</u>	<u>987</u>	<u>956</u>

Certain physical assets were transferred to the Corporation at the time of its inception for nominal value and have not been reflected in these financial statements.

AGRICORP

Notes to Financial Statements
March 31, 1999

9. UNEARNED PREMIUMS AND REVENUE

Unearned premiums represent premiums paid in advance to the Ontario Crop Insurance Fund for winter wheat (\$6.93 million), forage (\$2.2 million) and other crops (\$1.55 million). These crops are not harvested until after the end of the fiscal year giving rise to the deferral of premium. Unearned revenue includes operating funding related to the unamortized value of capital assets and funds received from Ontario in advance of expenditures for Year 2000 systems compliance.

10. INDEMNITIES

The Ontario Crop Insurance Fund's operating results for the current period include the reversal of a \$437,500 under provision of unsettled indemnities as at March 31, 1998 (December 31, 1996 - \$268,000 under-provision for indemnities).

Under the terms of the Canada-Ontario Market Revenue Agreement, the total indemnity payments for any crop year shall not exceed the Program's account balance. The Market Revenue Program's operating results for the current period include the reversal of a \$1.7 million under provision of unsettled indemnities as at March 31, 1998 (no reversal was required for December 31, 1996). In addition, the Market Revenue Program's operating results for the current period include a provision for unsettled indemnities relating to the 1998 crop year of \$60 million (March 31, 1998 - \$11.8 million).

11. SEGMENTED INFORMATION

	General Fund	Crop Insurance Fund	Market Revenue Program (\$000's)	Total 1999	Total 1998
Assets					
Cash	(752)	1,026	—	274	2,665
Accounts receivable	2,487	5,140	30	7,657	6,573
Investments	16,000	280,136	—	296,136	228,517
Due from the Minister of Finance	—	—	348,502	348,502	325,002
Capital Assets	987	—	—	987	956
Inter-fund receivable/(payables)	(2,404)	2,079	325	—	—
	16,318	288,381	348,857	653,556	563,713
Liabilities					
Accounts payable and accrued liabilities	12,594	2,354	15	14,963	2,662
Unearned premiums and revenue	2,197	10,679	—	12,876	10,290
Provision for unsettled indemnities	—	596	60,780	61,376	10,900
	14,791	13,629	60,795	89,215	23,852
Fund Balances	1,527	274,752	288,062	564,341	539,861
	16,318	288,381	348,857	653,556	563,713

AGRICORP**Notes to Financial Statements
March 31, 1999****12. OPERATING FUNDING**

Canada and Ontario have agreed to share equally the costs of administering the Ontario Crop Insurance Fund and the Market Revenue Program. The Federal contribution shall not be more than the provincial share even if that amounts to less than 50% of the incurred costs. Based on a reasonable estimate of the administrative workload, these costs are allocated to the Fund and Program 95% and 5%, respectively. The operating funding for the current period was \$14 million plus \$0.65 million for capital assets.

13. PENSION PLAN

The Corporation has a mandatory contributory defined benefit plan for its full-time employees. The plan was set up effective January 1, 1997. Based on a financial statement prepared by the plan's actuary, the present value of the accrued pension benefits and the market value of the net assets available to provide for those benefits, are as follows:

	March 31, 1999 (\$000's)
Accrued pension benefits	967
Pension fund assets	<u>921</u>
Pension fund deficit	<u><u>46</u></u>

Over the course of the period the plan generated an experience loss of \$22,450.

14. RELATED PARTY TRANSACTIONS

The Corporation has entered into several agreements to acquire services from the Ontario Ministry of Agriculture, Food and Rural Affairs. Under the terms of the agreements the Corporation paid the Ministry \$366,700 during the year. These services, assessed at fair market value, include the utilization of the mainframe computer, telecommunications, legal and general services. In addition, the Corporation paid the Ontario Realty Corporation \$320,700 to rent their head office location.

15. BOARD REMUNERATION AND SALARY DISCLOSURE

Total remuneration to members of the Board of Directors was \$165,000 during the year ending March 31, 1999 (15-month period ending March 31, 1998 - \$158,000).

The *Public Sector Salary Disclosure Act, 1996*, requires the Corporation to disclose employees paid an annual salary in excess of \$100,000. For the 1998 calendar year, the Corporation's President, Mr. Thomas M. Schmidt, was paid a total of \$133,811 plus taxable benefits of \$6,313.

AGRICORP**Notes to Financial Statements
March 31, 1999**

16. START-UP FUNDING

Pursuant to a Memorandum of Understanding between AgriCorp and the Ministry of Agriculture, Food and Rural Affairs, the Ministry agreed to provide funding required to facilitate the Corporation's start-up. Amounts provided were recorded in the General Fund.

17. REINSURANCE AGREEMENT

In May 1998, a program of reinsurance was subscribed to by 23 insurance carriers. This program provides for the reinsuring companies to assume crop insurance losses from 150% of premium to 300% of premium. This will significantly spread AgriCorp's risk in the event of very adverse experience. The reinsurance costs are 9.95% of crop insurance premiums or \$8.05 million. This program will permit changes to the investment strategy designed to enhance investment yield and recover a portion of the reinsurance premium.

18. LEASE COMMITMENTS

The Corporation is committed under operating leases on leased premises with future minimum rental payments due as follows:

	(\$000's)
2000	201
2001	196
2002	175
2003	<u>170</u>
	<u>742</u>

19. ONTARIO WHOLE FARM RELIEF PROGRAM

The Corporation entered into an agreement with the Ministry of Agriculture, Food and Rural Affairs to provide certain services for the purpose of preparing cheques under the Ontario Whole Farm Relief Program. The Ministry advanced funds to the Corporation and, as at March 31, 1999, accounts payable included \$11.5 million for distribution under this Program.

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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Auditor's Report

To Cancer Care Ontario
and to the Minister of Health

I have audited the statement of financial position of Cancer Care Ontario as at March 31, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of Cancer Care Ontario's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Cancer Care Ontario as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
June 4, 1999

A handwritten signature in cursive script, reading "K.W. Leishman".

K.W. Leishman, CA
Assistant Provincial Auditor

CANCER CARE ONTARIO

Statement of Financial Position
(In thousands of dollars)

March 31, 1999, with comparative figures for 1998


	1999	1998 (Restated)
Assets		
Current assets:		
Short-term investments	\$ 33,429	\$ 25,599
Accounts receivable	7,065	5,438
Due from the Ministry of Health	8,490	6,875
Other	2,582	1,180
	51,566	39,092
Long-term investments (note 3)	60,847	56,517
Prepaid pension surplus (note 2(b))	- 2,168	-
Capital assets (note 4)	28,207	25,953
Other	798	-
	\$ 143,586	\$ 121,562

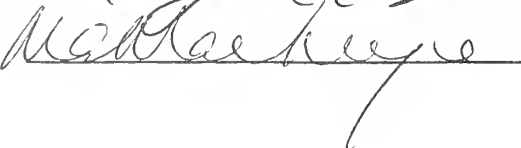
Liabilities, Deferred Contributions and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 38,039	\$ 29,138
Deferred contributions:		
Deferred operating grants (note 5(a))	20,550	13,613
Deferred contributions related to capital assets (note 5(b))	12,445	11,048
Deferred contributions related to expansion (note 5(c))	4,230	1,305
	37,225	25,966
Fund balances:		
Endowment	2,971	2,968
Internally and externally restricted	27,812	28,299
Invested in capital assets (note 7)	15,762	14,905
Unrestricted	21,777	20,286
	68,322	66,458
Commitments (note 11)		
Contingency (note 12)		
	\$ 143,586	\$ 121,562

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

CANCER CARE ONTARIO

Statement of Operations
(In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

			1999	1998
	General	Restricted	Total	Total
			- -	(Restated)
Revenue:				
Ministry of Health	\$ 173,064	\$ -	\$ 173,064	\$ 150,679
Investment income	4,300	1,117	5,417	5,072
Donations, bequests and grants	1,770	14,088	15,858	13,150
Amortization of deferred contributions related to capital assets (note 5(b))	5,751	934	6,685	5,149
Other income	9,692	-	9,692	9,727
	194,577	16,139	- 210,716	183,777
Expenses:				
Salaries	96,076	4,595	100,671	94,539
Benefits	11,239	628	11,867	13,014
Other operating (note 6)	41,259	10,002	51,261	42,923
Drugs	21,429	80	21,509	15,136
Medical and surgical services and supplies	10,444	424	10,868	7,135
Amortization of capital assets	11,744	932	12,676	10,264
	192,191	16,661	208,852	183,011
Excess (deficiency) of revenue over expenses	\$ 2,386	\$ (522)	\$ 1,864	\$ 766

See accompanying notes to financial statements.

CANCER CARE ONTARIO

Statement of Changes in Fund Balances
(In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

					1999	1998
			General			
	Endowment	Restricted	Invested in capital assets (note 7)	Unrestricted	Total	Total (Restated)
Balance, beginning of year	\$ 2,968	\$ 28,299	\$ 14,905	\$ 20,286	\$ 66,458	\$ 65,692
Excess (deficiency) of revenue over expenses	3	(525)	(5,991)	8,377	1,864	766
Investment in capital assets	—	—	6,848	(6,848)	—	—
Transfers (note 8)	—	38	—	(38)	—	—
Balance, end of year	\$ 2,971	\$ 27,812	\$ 15,762	\$ 21,777	\$ 68,322	\$ 66,458

See accompanying notes to financial statements.

CANCER CARE ONTARIOStatement of Cash Flows
(In thousands of dollars)

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998 (Restated)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,864	\$ 766
Amortization of capital assets	12,676	10,264
Amortization of deferred contributions related to capital assets	(6,685)	(5,149)
Changes in non-cash operating working capital	11,951	13,517
	19,806	19,398
Investments:		
Long-term investments, net	(4,330)	(4,065)
Purchase of capital assets:		
Funded by contributions for capital assets	(8,082)	(1,497)
Internally funded	(6,848)	(7,107)
Other	(798)	-
Deferred contributions related to capital assets	8,082	1,497
	(11,976)	(11,172)
Increase in cash	7,830	8,226
Cash position, beginning of year	25,599	17,373
Cash position, end of year	\$ 33,429	\$ 25,599

Cash position is defined as short-term investments.

See accompanying notes to financial statements.

CANCER CARE ONTARIO

Notes to Financial Statements
(In thousands of dollars)

Year ended March 31, 1999

The government of Ontario approved the establishment of Cancer Care Ontario on April 29, 1997. It will facilitate significant improvements for cancer patients, their families and the public in the outcome, quality and efficiency of cancer services. The cancer services will encompass prevention, early detection, diagnosis, treatment, supportive care, research and education. Cancer Care Ontario (the "Organization") was incorporated under the name of The Ontario Cancer Treatment and Research Foundation by an Act of Legislature of the Province of Ontario in 1943 and the name of the Organization was changed on May 28, 1997 to Cancer Care Ontario. The Organization is a registered charity under the Income Tax Act.

1. Significant accounting policies:

The Organization's financial statements are prepared by management using generally accepted accounting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and fund balances at the date of the financial statements and the reported amounts of the statement of operations and changes in fund balances during the year. Actual results could differ from those estimates.

(a) Fund accounting:

The Organization uses the Restricted Fund method of accounting for contributions.

The General Fund accounts for the Organization's Ministry of Health funded programs and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Restricted Fund reports all externally and internally restricted resources. The main use of these resources is for research and education. These funds include donations and grants which either have specific restrictions placed on their use by the donor or have been received by a centre and are restricted for use by that centre.

The Endowment Fund reports contributions subject to externally imposed stipulations specifying that the resources contributed be maintained permanently.

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

1. Significant accounting policies (continued):

(b) Revenue recognition:

Restricted contributions related to Ministry of Health funded programs are recognized as revenue of the General Fund in the year which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Restricted Fund in the year of receipt.

Contributions for endowment are recognized as revenue of the appropriate Endowment Fund in the year of receipt.

Restricted investment income earned on Endowment Fund resources are recognized as revenue of the Restricted Fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

(c) Inventory:

Drug inventory is stated at lower of cost and net realizable value, and is included in other current assets.

(d) Investments:

Short-term investments are stated at cost, which approximates market. Long-term investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

(e) Capital assets:

Capital assets are recorded at cost. Contributions received for the purchase of capital assets are recorded as grants for capital assets and amortized on the same basis as the capital assets. All capital assets are amortized on a straight-line basis at 20% per annum.

Land and buildings for four lodges donated by the Canadian Cancer Society - Ontario Division are recorded at nominal value, as current value is not reasonably determinable.

CANCER CARE ONTARIO

Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended March 31, 1999

1. Significant accounting policies (continued):

(f) Contributed services:

The Organization benefits from services provided by volunteers at the regional cancer centres. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. Change in accounting policies:

(a) Vacation pay:

In 1998, the Organization retroactively changed its accounting policy with respect to accruing unused vacation pay. In prior years, no liability was accrued with respect to unused vacation pay. This change has had the effect of recording a liability for unused vacation pay and decreasing net assets at the beginning of 1998 by \$4,003.

			General		1998
	Endowment	Restricted	Invested in capital assets	Unrestricted	Total
Balance, beginning of year, as originally stated	\$ 2,968	\$ 28,605	\$ 12,913	\$ 25,209	\$ 69,695
Change in accounting policy - vacation pay	—	—	—	(4,003)	(4,003)
	2,968	28,605	12,913	21,206	65,692
Excess (deficiency) of revenue over expenses	—	2,187	(5,115)	4,020	1,092
Change in accounting policy - vacation pay	—	—	—	(326)	(326)
	—	2,187	(5,115)	3,694	766
Investment in capital assets	—	—	7,107	(7,107)	—
Transfers	—	(2,493)	—	2,493	—
	—	(2,493)	7,107	(4,614)	—
Balance, end of year, as restated	\$ 2,968	\$ 28,299	\$ 14,905	\$ 20,286	\$ 66,458

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

2. Change in accounting policies (continued):

(b) Pension:

In 1998, the Organization prospectively changed the method of accounting for pension cost. In prior years, the pension cost was based on the funding requirements of the pension plan as recommended by the plan's actuaries, without considering the impact of experience gains and losses which would normally occur over the remaining service life of the employee group. Effective April 1, 1998, the Organization has accounted for the pension cost according to generally accepted accounting principles. The pension cost for the year ended March 31, 1999 is \$1,248 and includes the amortization of experience gains and losses. The excess of funding contribution over the pension cost for the year of \$2,168 is included as a prepaid pension surplus on the balance sheet at March 31, 1999.

3. Long-term investments:

The carrying value and market value of the Organization's long-term investments at March 31, 1999 are as follows:

1999	Carrying value	Market value	Effective yield	Maturity
Treasury bills, guaranteed investment certificates and cash	\$ 3,919	\$ 3,919	4.8%	Under 1 year
Bonds	46,646	46,734	5.1% - 8.4%	1 - 7 years
Equities	10,282	8,669	N/A	N/A
	\$ 60,847	\$ 59,322		

1998	Carrying value	Market value	Effective yield	Maturity
Treasury bills, guaranteed investment certificates and cash	\$ 3,415	\$ 3,522	4.6%	Under 1 year
Bonds	39,177	39,494	5.0% - 5.9%	1 - 4 years
Equities	13,925	14,433	N/A	N/A
	\$ 56,517	\$ 57,449		

CANCER CARE ONTARIO

Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended March 31, 1999

3. Long-term investments (continued):

Interest rate sensitivity is the main determinant of changes in the market value of the bonds.

The Organization does not have any significant exposure from investment concentration due to the diversified nature of the portfolio investments.

4. Capital assets:

			1999	1998
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture, equipment and leasehold improvements	\$ 26,670	\$ 20,954	\$ 5,716	\$ 5,388
Therapeutic and other technical equipment	91,233	69,882	21,351	18,198
Radioactive cobalt and radium	796	739	57	101
Deposits on equipment	1,083	—	1,083	2,266
	\$ 119,782	\$ 91,575	\$ 28,207	\$ 25,953

5. Deferred contributions:

(a) Deferred operating grants:

Deferred operating grants represent unspent resources related to Ministry of Health funded programs. Unspent amounts are held for use in subsequent periods or settlement by the Ministry. Changes in the deferred operating grants balance are as follows:

	1999	1998
Balance, beginning of year	\$ 13,613	\$ 13,187
Amounts related to subsequent periods	9,555	4,627
	23,168	17,814
Less amount recognized as revenue	1,908	3,053
Less amount returned to Ministry of Health	710	1,148
Balance, end of year	\$ 20,550	\$ 13,613

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

5. Deferred contributions (continued):

(b) Deferred contributions related to capital assets:

Deferred contributions for capital assets represent funds received for the purchase of capital assets. The amortization of deferred contributions related to capital assets is recorded in the statement of operations. Contributions are amortized on a straight-line basis at 20% per annum. The changes in the deferred contributions related to capital assets balance for the year are as follows:

	1999	1998
Balance, beginning of year	\$ 11,048	\$ 14,700
Contributions related to capital assets	8,082	1,497
	19,130	16,197
Less amount amortized to revenue	6,685	5,149
Balance, end of year	\$ 12,445	\$ 11,048

(c) Deferred contributions related to expansion:

Deferred contributions related to expansion represent unspent resources related to Ministry of Health capital funding. Unspent amounts are held for use in subsequent periods.

6. Other operating expenses:

	1999	1998
General Fund:		
Equipment	\$ 9,268	\$ 8,714
Building	9,379	8,238
Patient services	1,452	1,535
Purchased services	13,404	11,427
Education and research programs and publications	1,007	949
Other	6,749	7,648
	41,259	38,511
Restricted Fund:		
Research and other	10,002	4,412
	\$ 51,261	\$ 42,923

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

7. Invested in capital assets:

Invested in capital assets is calculated as follows:

	1999	1998
Capital assets	\$ 28,207	\$ 25,953
Deferred contributions related to capital assets	(12,445)	(11,048)
	\$ 15,762	\$ 14,905

Change in net assets invested in capital assets is calculated as follows:

	1999	1998
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	\$ 6,685	\$ 5,149
Amortization of capital assets	(12,676)	(10,264)
	\$ (5,991)	\$ (5,115)
Net change in invested in capital assets:		
Purchase of capital assets	\$ 14,930	\$ 8,604
Deferred contributions related to capital assets	(8,082)	(1,497)
	\$ 6,848	\$ 7,107

8. Transfers between the General Fund and the Restricted Fund are as follows:

	1999	1998
Transfer to the General Fund from the Restricted Fund to supplement Ministry of Health funding of Provincial Research	\$ —	\$ (1,584)
Transfer to the General Fund from the Restricted Fund to supplement Ministry of Health funding of Clinical Education	—	(450)
Transfer to the General Fund from the Restricted Fund at the Regional Cancer Centres for research	—	(459)
Transfer to the Restricted Fund from the General Fund at the Regional Cancer Centres for research	38	—
	\$ 38	\$ (2,493)

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

9. Investment income:

The amount of net investment income earned on the Endowment Fund resources in the amount of \$177 (1998 - \$230) is included in the Restricted Fund.

10. Pension plan:

The Organization has a defined contribution pension plan with a minimum defined benefit guarantee. The most recent actuarial valuation as at December 31, 1998 indicated that the actuarial value of pension assets was approximately \$147,708 and the accrued value of the pension liabilities was approximately \$123,518. As at March 31, 1999, there is no unfunded pension obligation.

11. Commitments:

The Organization leases computer and office equipment. Under the terms of the leases, future payments are estimated as follows:

2000	\$ 2,124
2001	1,469
2002	730
2003	80
2004	26
	<hr/>
	\$ 4,429

12. Contingency:

In July 1989, the Organization became a member of the Healthcare Insurance Reciprocal of Canada ("HIROC"), which is established by hospitals and other organizations to self-insure. If the aggregate premiums paid are not sufficient to cover claims, the Organization will be required to provide additional funding on a participatory basis.

13. Comparative figures:

Certain of the 1998 comparative figures have been reclassified to conform with the financial statement presentation adopted in 1999.

CANCER CARE ONTARIO

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended March 31, 1999

14. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Organization, including those related to the efforts of its suppliers or other third parties, will be fully resolved.

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	Health Agency	Cancer Care Ontario	Abu-Zahra	Hakam T.	Head, Systemic Treatment/Medical Oncologist	118,740.99	461.04
1998	Health Agency	Cancer Care Ontario	Ackerman	Ida	Radiation Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Agboola	Olvsegun	Head, Radiation Oncology	106,128.81	439.68
1998	Health Agency	Cancer Care Ontario	Aitken	Susan	Medical Director, OBSP	159,853.31	364.08
1998	Health Agency	Cancer Care Ontario	Alam	Zeenat Yasmin	Medical Oncologist/Medical Coordinator, OBSP	121,604.27	468.48
1998	Health Agency	Cancer Care Ontario	Aref	Ibrahim	Radiation Oncologist	105,911.65	439.68
1998	Health Agency	Cancer Care Ontario	Arnold	Andrew	Head, Medical Oncology	120,372.63	473.04
1998	Health Agency	Cancer Care Ontario	Balogh	Judith	Radiation Oncologist	103,872.86	0.00
1998	Health Agency	Cancer Care Ontario	Battista	Jerry	Director, Physics Research and Education	110,608.55	293.64
1998	Health Agency	Cancer Care Ontario	Benger	Ann	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Berry	Scott	Medical Oncologist	100,933.95	91.52
1998	Health Agency	Cancer Care Ontario	Bissett	Randall	CEO/Radiation Oncologist	183,429.53	882.52
1998	Health Agency	Cancer Care Ontario	Bramwell-Wesley	Vivien	Head, Medical Oncology/Medical Oncologist	120,375.93	473.20
1998	Health Agency	Cancer Care Ontario	Brisbane	Darlene	Director, Information Systems	154,770.30	438.96
1998	Health Agency	Cancer Care Ontario	Browman	George	Director, Evidence-Based Care	197,010.23	530.88
1998	Health Agency	Cancer Care Ontario	Brundage	Michael	Radiation Oncologist	105,908.18	439.68
1998	Health Agency	Cancer Care Ontario	Cairncross	J. Gregory	CEO/Medical Oncologist	109,255.55	447.78
1998	Health Agency	Cancer Care Ontario	Campling	Barbara	Clinician Scientist	148,273.10	439.68
1998	Health Agency	Cancer Care Ontario	Cano	Pablo	Radiation Oncologist	127,279.48	741.84
1998	Health Agency	Cancer Care Ontario	Chart	Pamela	Director, Preventive Oncology	102,482.26	310.32
1998	Health Agency	Cancer Care Ontario	Choo	Richard C.	Radiation Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Chouinard	Edmond	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Corbett	Thomas	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Covens	Allen	Head, Gynecologic Oncology	113,370.72	454.80
1998	Health Agency	Cancer Care Ontario	Cowan	Donald	VP, Provincial Programs/Director, Treatment & Supportive Care Svcs.	221,721.68	530.88
1998	Health Agency	Cancer Care Ontario	Cripps	Christine	Medical Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Cross	Peter	Radiation Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Danjoux	Cyril	Radiation Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Dar	Abdul	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Davey	Phillip	Radiation Oncologist	106,348.60	439.68
1998	Health Agency	Cancer Care Ontario	Dent	Susan	Medical Oncologist	109,874.29	345.00
1998	Health Agency	Cancer Care Ontario	Dhaliwal	Harbhajan	CEO/Medical Oncologist	193,700.46	483.34
1998	Health Agency	Cancer Care Ontario	Dixon	Peter	Acting CEO	116,179.62	450.30
1998	Health Agency	Cancer Care Ontario	Doherty	Mary	Radiation Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Dunscombe	Peter	Chief Physicist/Education Program Leader	120,434.04	287.52
1998	Health Agency	Cancer Care Ontario	Eapen	Libni	Radiation Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Evans	William	CEO/Medical Oncologist	133,494.95	504.96
1998	Health Agency	Cancer Care Ontario	Figueredo	Alvaro	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Fisher	Barbara	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Germond	Colin	Systemic Treatment Program Leader	183,127.34	851.04
1998	Health Agency	Cancer Care Ontario	Gertler	Stan	Medical Oncologist	105,911.64	439.68

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	Health Agency	Cancer Care Ontario	Gilchrist	James	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Ginsburg	David	Medical Oncologist	105,908.18	439.68
1998	Health Agency	Cancer Care Ontario	Girard	Andre	Head, Radiation Oncology	120,198.30	473.04
1998	Health Agency	Cancer Care Ontario	Gluck	Stefan	Director, Research	132,227.02	440.52
1998	Health Agency	Cancer Care Ontario	Goel	Rakesh	Medical Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Goss	Glenwood	Medical Oncologist	105,761.64	439.68
1998	Health Agency	Cancer Care Ontario	Gregg	Richard	Medical Oncologist	105,908.18	439.68
1998	Health Agency	Cancer Care Ontario	Grimard	Laval	Radiation Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Grunfeld	Eva	Physician/Career Scientist	103,636.38	0.00
1998	Health Agency	Cancer Care Ontario	Gulavita	Sunil	Head, Radiation Oncology	182,203.95	439.92
1998	Health Agency	Cancer Care Ontario	Halikowski	Marvin	Clinical Assistant, Medical Oncology	124,600.53	291.20
1998	Health Agency	Cancer Care Ontario	Hamilton	Mike	Dentist	117,076.66	334.56
1998	Health Agency	Cancer Care Ontario	Hammond	J. Alex	Acting Head, Radiation Oncology/Radiation Oncologist	113,142.73	456.56
1998	Health Agency	Cancer Care Ontario	Hayter	Charles	Radiation Oncologist	105,908.18	439.68
1998	Health Agency	Cancer Care Ontario	Hirte	Holger (Hal)	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Hodson	Ian	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Hollenberg	Charles	President & CEO	260,471.73	530.88
1998	Health Agency	Cancer Care Ontario	Holowaty	Eric J.	Director, Ontario Cancer Registry	116,731.71	348.82
1998	Health Agency	Cancer Care Ontario	Iscoe	Neill	Medical Oncologist	106,348.60	439.68
1998	Health Agency	Cancer Care Ontario	Johanson	Curtis	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Jones	Glenn	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Karsan	Farrok	Radiation Oncologist	158,596.44	829.68
1998	Health Agency	Cancer Care Ontario	Khosla	Naresh	VP/CFO/Director, Division of Management Services	170,195.19	426.37
1998	Health Agency	Cancer Care Ontario	Knight	Andrew	Clinical Assistant	118,852.85	292.99
1998	Health Agency	Cancer Care Ontario	Knight	Gregory	Radiation Oncologist	102,971.86	684.24
1998	Health Agency	Cancer Care Ontario	Kocha	Walter	Medical Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Kotalik	Jaroslav	Radiation Oncologist	175,518.36	439.92
1998	Health Agency	Cancer Care Ontario	Lada	Barbara	Radiation Treatment Program Leader	168,127.34	851.04
1998	Health Agency	Cancer Care Ontario	Laidlaw	John C.	Director, Education	127,515.44	0.00
1998	Health Agency	Cancer Care Ontario	Laukkanen	Ethan	CEO/Radiation Oncologist	126,836.70	476.16
1998	Health Agency	Cancer Care Ontario	Levin	Leslie	VP, Regional Programs	103,535.00	338.20
1998	Health Agency	Cancer Care Ontario	Levine	Mark	CEO	136,115.28	0.00
1998	Health Agency	Cancer Care Ontario	Lofters	Wycliffe	Head, Medical Oncology	115,552.10	461.04
1998	Health Agency	Cancer Care Ontario	Logan	Diane	Medical Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Lohmann	Reinhard	Medical Oncologist	105,872.00	439.92
1998	Health Agency	Cancer Care Ontario	Lopez	Pedro	Radiation Oncologist	143,596.44	829.68
1998	Health Agency	Cancer Care Ontario	Lukka	Himu	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	MacKenzie	Robert	Radiation Oncologist	106,348.60	439.68
1998	Health Agency	Cancer Care Ontario	MacKillop	William	Head, Radiation Oncology	115,552.10	461.30
1998	Health Agency	Cancer Care Ontario	MacLean	Lorraine	Director, Provincial Human Resources	113,984.73	326.21
1998	Health Agency	Cancer Care Ontario	Mai	Verna M.	Director, Screening Programs	116,356.43	203.65

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	Health Agency	Cancer Care Ontario	Major	Pierre	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Malik	Saleem	Director, Research/Medical Oncologist	158,730.53	439.92
1998	Health Agency	Cancer Care Ontario	Maroun	Jean	Head, Medical Oncology	119,478.30	473.04
1998	Health Agency	Cancer Care Ontario	Mazurka	John	Gynecologic Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	McCulloch	Peter	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	McGhee	Peter	Head, Medical Physics	124,541.53	221.88
1998	Health Agency	Cancer Care Ontario	McGowan	Thomas	Coordinator, Radiation Oncology	147,104.50	346.50
1998	Health Agency	Cancer Care Ontario	Meyer	Ralph	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Moens	Francois	Gynecologic Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Morton	Gerard	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Neville	Alan	Medical Oncologist	105,908.92	0.00
1998	Health Agency	Cancer Care Ontario	O'Brien	Peter	Manager, Physics	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Okawara	Gordon	Radiation Oncologist	112,507.05	292.58
1998	Health Agency	Cancer Care Ontario	Osborne	Raymond	Gynecologic Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Paszat	Lawrence	Radiation Oncologist	106,348.60	439.68
1998	Health Agency	Cancer Care Ontario	Patel	Malti	Radiation Oncologist	105,908.18	439.68
1998	Health Agency	Cancer Care Ontario	Patterson	Michael	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Perera	Francisco	Head, Medical Physics	112,208.71	290.83
1998	Health Agency	Cancer Care Ontario	Prichard	Hugh	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Pritchard	Kathleen	Radiation Oncologist	158,596.44	439.68
1998	Health Agency	Cancer Care Ontario	Pross	Diane	Head, Medical Oncology/Hematology	121,538.96	469.54
1998	Health Agency	Cancer Care Ontario	Raaphorst	G.P.	Medical Coordinator, OBSP/Clinical Assistant	108,284.41	312.30
1998	Health Agency	Cancer Care Ontario	Radwan	John	Chief Physicist	112,069.75	293.42
1998	Health Agency	Cancer Care Ontario	Read	Nancy	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Reyno	Leonard	Radiation Oncologist	112,984.29	735.00
1998	Health Agency	Cancer Care Ontario	Sagar	Stephen	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Sathya	Jinka	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Sawka	Carol	Medical Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Schabas	Richard	Director, Preventive Oncology	124,213.99	453.72
1998	Health Agency	Cancer Care Ontario	Schneider	Kenneth M.	Radiation Oncologist	197,550.08	397.97
1998	Health Agency	Cancer Care Ontario	Schreiner	John	Chief Physicist	100,790.23	419.38
1998	Health Agency	Cancer Care Ontario	Sicheri	Dolores D.	Medical Oncologist	105,102.41	276.03
1998	Health Agency	Cancer Care Ontario	Singh	Gurmit	Director, Research	109,075.45	439.68
1998	Health Agency	Cancer Care Ontario	Slingerland	Joyce	Clinician Scientist	117,910.69	358.08
1998	Health Agency	Cancer Care Ontario	Smith	Anne	Medical Oncologist	128,381.24	439.68
1998	Health Agency	Cancer Care Ontario	Spaner	David	Clinician Scientist	113,601.30	457.12
1998	Health Agency	Cancer Care Ontario	Springer	Colvin D.	Radiation Oncologist	136,859.83	407.88
1998	Health Agency	Cancer Care Ontario	Stewart	David	Head, Medical Oncology	111,306.37	445.02
1998	Health Agency	Cancer Care Ontario	Sutherland	Donald	Medical Director, Oncology Patient Service Unit/ Medical Oncologist	105,911.64	439.68
1998	Health Agency	Cancer Care Ontario	Taylor	Marianne	Medical Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Tenhunen	Linda	Clinical Assistant	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario				119,057.39	292.99

Cal. Year	Sector	Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
1998	Health Agency	Cancer Care Ontario	Thomas	Gillian	Head, Radiation Oncology	131,093.58	495.84
1998	Health Agency	Cancer Care Ontario	Tomiak	Eva	Medical Oncologist	105,911.64	0.00
1998	Health Agency	Cancer Care Ontario	Van Dyk	Jake	Manager, Treatment Planning & Support Services	113,448.91	273.96
1998	Health Agency	Cancer Care Ontario	Vandenbergh	Theodore	Medical Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Venkatesan	Varagur	Radiation Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Vergidis	Dimitrios	Head, Systemic Therapy	169,049.54	439.92
1998	Health Agency	Cancer Care Ontario	Verma	Shailendra	Medical Oncologist	105,461.64	439.68
1998	Health Agency	Cancer Care Ontario	Vincent	Mark	Medical Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Whelan	Timothy	Radiation Oncologist	105,905.71	439.68
1998	Health Agency	Cancer Care Ontario	Whitton	Anthony	Head, Radiation Oncology	120,372.63	473.04
1998	Health Agency	Cancer Care Ontario	Winquist	Eric	Medical Oncologist	105,909.27	439.92
1998	Health Agency	Cancer Care Ontario	Wong	Rebecca	Radiation Oncologist	104,312.54	439.68
1998	Health Agency	Cancer Care Ontario	Yau	Jonathan	Medical Oncologist	105,731.64	439.68
1998	Health Agency	Cancer Care Ontario	Yoshida	Sam S.	Medical Oncologist	109,075.45	439.68
1998	Health Agency	Cancer Care Ontario	Young	Vincent	Medical Oncologist	105,911.64	439.68

I certify that the information provided on this Record is correct in accordance with the Public Sector Salary Disclosure Act, 1996.

VP. CFO

NARESH KHEWLA

Name

VP. CFO, Director, DMS

Position Title

(416) 217 1207

Phone Number

March 17, 1999

Date

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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Auditor's Report

To The Ontario Educational Communications Authority
and the Minister of Citizenship, Culture and Recreation

I have audited the balance sheet of The Ontario Educational Communications Authority as at March 31, 1999 as well as the statement of revenue and expenditure and equity, the statement of changes in equity and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'Erik Peters'.

Erik Peters, FCA
Provincial Auditor

Toronto, Ontario
May 28, 1999

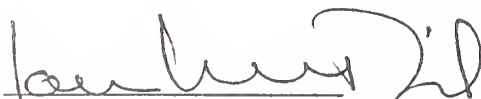
THE ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY

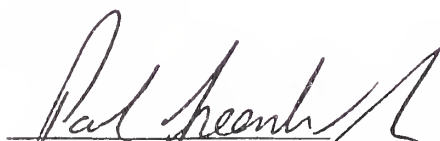
Balance Sheet
as at March 31, 1999

Assets	1999 (\$000's)	1998 (\$000's)
Current Assets		
Cash and short-term investments (note 2)	5,101	4,617
Accounts receivable (note 3)	5,192	4,839
Inventories (note 4)	588	545
Prepaid expenses	1,051	1,476
Deferred pension charges (note 5)	<u>2,074</u>	<u>1,199</u>
	14,006	12,676
 Investments held for Capital Renewal (note 7)	 8,685	 7,799
 Net Capital Assets (note 6)	 <u>20,361</u>	 <u>23,791</u>
 Total Assets	 <u>43,052</u>	 <u>44,266</u>
 Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	6,988	6,505
Deferred revenue (note 8)	311	2,237
Lease obligations (note 9)	<u>192</u>	<u>164</u>
	7,491	8,906
Non Current Liabilities		
Lease obligations (note 9)	208	210
Deferred capital contributions (note 10)	<u>24,279</u>	<u>26,979</u>
	24,487	27,189
Equity		
Equity invested in capital assets	4,367	4,237
<u>Restricted</u> - Deferred pension charges (note 5)	2,074	1,199
Unrestricted equity	<u>4,633</u>	<u>2,735</u>
	11,074	8,171
 Total Liabilities and Equity	 <u>43,052</u>	 <u>44,266</u>

See accompanying notes to financial statements.

On behalf of the Board:


Chairman


Director

THE ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY
Statement of Revenue and Expenditure and Equity
for the year ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Revenues		
Government grants and funding (note 11)	50,632	51,780
TVOntario generated gross revenue (note 12)	17,509	16,098
Amortization of deferred capital contributions (note 10)	3,920	3,598
Capital revenue and renewal fund, net	702	709
Deferral of pension charges (note 5)	<u>875</u>	<u>579</u>
	<u>73,638</u>	<u>72,764</u>
 Expenditures		
Network activities (note 13)	49,579	47,701
Cost of generated revenue (note 12)	7,780	7,459
Administrative services	6,961	7,311
Research and planning	1,172	1,069
Amortization of capital assets	4,799	4,695
Lease payments and expensed capital items	<u>444</u>	<u>992</u>
	<u>70,735</u>	<u>69,227</u>
 Excess of revenues over expenditures	 2,903	 3,537
 Equity, beginning of year	 <u>8,171</u>	 <u>4,634</u>
 Equity, end of year	 <u>11,074</u>	 <u>8,171</u>

See accompanying notes to financial statements.

THE ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY
Statement of Changes in Equity
for the year ended March 31, 1999

	1999 (\$000's)			1998 (\$000's)	
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Restricted Deferred Pension Charges</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	4,237	2,735	1,199	8,171	4,634
Excess of revenues over expenditures	(879)	2,907	875	2,903	3,537
Investment in Capital assets	<u>1,009</u>	<u>(1,009)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance, end of year	<u>4,367</u>	<u>4,633</u>	<u>2,074</u>	<u>11,074</u>	<u>8,171</u>

See accompanying notes to financial statements.

THE ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY

Statement of Cash Flows for the year ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	2,903	3,537
Add (deduct) non-cash items:		
Amortization of capital assets	4,799	4,695
Amortization of deferred capital contributions	(3,920)	(3,598)
Deferral of pension charges	(875)	(579)
Retirement/disposal of capital assets	107	0
Net change in non-cash working capital:		
Accounts receivable	(353)	(985)
Inventories	(43)	212
Prepaid expenses	425	(868)
Deferred revenue	(1,926)	(3,385)
Accounts payable and accrued liabilities	<u>483</u>	<u>(284)</u>
Cash provided by (used in) operating activities	<u>1,600</u>	<u>(1,255)</u>
INVESTING AND FINANCING ACTIVITIES		
Capital asset additions	(1,476)	(3,383)
Current year's deferred capital contributions	334	1,313
Lease obligations	<u>26</u>	<u>(175)</u>
Cash provided by (used in) investing and financing activities	<u>(1,116)</u>	<u>(2,245)</u>
Net increase (decrease) in cash position during the year	484	(3,500)
Cash and short-term investment, beginning of year	<u>4,617</u>	<u>8,117</u>
Cash and short-term investment, end of year	<u>5,101</u>	<u>4,617</u>

See accompanying notes to financial statements.

THE ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY

Notes to Financial Statements
March 31, 1999**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements of The Ontario Educational Communications Authority (the Authority) have been prepared in accordance with generally accepted accounting principles.

(b) Inventories

Program support materials are valued at the lower of cost or net realizable value where cost is determined on a weighted average basis. Stores and supplies are valued at cost, where cost is determined on a first in, first out basis. Video and audio tapes are valued at the lower of cost or net realizable value, where cost is determined on a first in, first out basis.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight line basis over the following terms beginning the year following acquisition:

Building	30 years
Office Furniture & Fixtures	15 years
Office Equipment	10 years
Leasehold Improvements	5 years
In House Technical Equipment	7 years
Transmitter Test & Monitor Equipment	7 years
Transmitters	17 years
Computer Equipment	5 years
Vehicles	5 years

(d) Revenue recognition

1. Revenue from the licensing of program material is recognized when the rights to the program material are sold.
2. Membership contributions are recorded on a cash basis.
3. Grants and revenues received in the year for special purposes are deferred until the related expenditure has been incurred.
4. Revenue from contributions restricted for the purchase of capital assets is deferred and amortized over the same period as the related capital asset.

(e) Pension expense

The net cost of the pension benefits, for the defined benefit plans, is actuarially determined on the basis of management's estimates. The cost is determined by using the projected benefit method prorated on services.

2. CASH AND SHORT-TERM INVESTMENTS

The Authority's investment policy restricts short-term investments to securities issued by or guaranteed as to principal and interest by Ontario, any other province of Canada, Canada or the United Kingdom, securities issued by the United States of America or deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies.

Cash and short-term investments include \$4,513,000 (1998 - \$4,316,000) of investments maturing within 60 days, yielding 5.0% on average, with a market value that approximates carrying value.

3. ACCOUNTS RECEIVABLE

	1999 (\$000's)	1998 (\$000's)
Project funding	2,490	2,456
Trade	1,890	1,627
Other	<u>812</u>	<u>756</u>
	<u>5,192</u>	<u>4,839</u>

4. INVENTORIES

	1999 (\$000's)	1998 (\$000's)
Program support materials	62	34
Stores and supplies	469	449
Video and audio tapes	<u>57</u>	<u>62</u>
	<u>588</u>	<u>545</u>

5. PENSION PLANS

The Authority maintains non-contributory defined benefit pension plans, which cover substantially all of its employees. The plans provide pensions based on length of service and final average earnings. The Authority also maintains a defined contribution plan.

Actuarial reports for the defined benefit plans have been prepared, based on projections of employees' compensation levels to time of retirement. The reports indicate the present value of the accrued pension benefits and the net assets available to provide for these benefits as at March 31, 1999.

The defined contribution plan benefits and assets are indicated at market value as at March 31, 1999.

	Accrued pension <u>benefits</u> (\$000's)	Pension <u>fund assets</u> (\$000's)
Employee defined benefit plan	41,743	54,724
Employee defined contribution plan	8,274	8,274
Executive defined benefit plan	2,543	2,998

Pension Expense

The Authority's cash contributions to the plans were \$231,000 (1998 - \$303,000), and are included in operating expenditures.

The deferral of pension charges of \$875,000 (1998-\$579,000) resulted from the accrual method of accounting for pension expense and includes the amortization of the surplus over the average service life of the employees. This amount does not generate funds for use by The Authority.

The deferred pension charges of \$2,074,000 (1998 - \$1,199,000) resulted from the cumulative difference between the surpluses recognized, amounts expensed and the funding contributions.

6. CAPITAL ASSETS

Capital assets consist of the following:

	<u>1999</u> <u>(\$000's)</u>		<u>1998</u> <u>(\$000's)</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	236	0	236	236
Buildings	4,700	2,257	2,443	2,600
Transmitters	27,420	18,143	9,277	10,598
Transmitter test and monitor equipment	791	689	102	166
In house technical equipment	19,104	15,069	4,035	5,725
Leasehold improvements	2,828	1,446	1,382	1,867
Computer equipment	3,328	2,110	1,218	844
Office furniture and fixtures	1,922	1,276	646	727
Office equipment	1,037	558	479	549
Vehicles	995	452	543	479
	<u>62,361</u>	<u>42,000</u>	<u>20,361</u>	<u>23,791</u>

7. INVESTMENTS HELD FOR CAPITAL RENEWAL

	1999 (\$000's)	1998 (\$000's)
Balance, beginning of year	7,799	7,436
Grants from the Ministry of Citizenship, Culture and Recreation		
- capital grant	500	500
- base grant allocation	461	791
Interest earned	386	246
Drawing for capital acquisitions	(461)	(757)
Refund to Ontario Legislative Assembly	<u>0</u>	<u>(417)</u>
Balance, end of year	<u>8,685</u>	<u>7,799</u>

A portion of the funding from the Ministry of Citizenship, Culture and Recreation has been set aside since the 1984 fiscal year to ensure that the Authority's technical capital assets keep pace with technological changes. It provides funds for future maintenance and replacement of technical capital assets when needed. Available funds are invested in short-term deposits.

8. DEFERRED REVENUE

	1999 (\$000's)	1998 (\$000's)
Grants from various Province of Ontario ministries		
- Special purpose capital grants	<u>0</u>	<u>223</u>
Federal government project funding (note 11)	0	23
Corporate project underwriting and other revenue	311	95
Special purpose funding for the transfer of analog channels as a result of digital conversion	<u>0</u>	<u>1,896</u>
	<u>311</u>	<u>2,237</u>

Expenditure related to the above deferrals has been budgeted in the 2000 fiscal year.

9. LEASE OBLIGATIONS

Lease obligations represent the balance of the commitments made under capital leases. The changes in the lease obligations balance are as follows:

	1999 (\$000's)	1998 (\$000's)
Lease obligations, beginning of year	374	549
Add: new capital leases	247	170
Less: payments made on existing capital leases	(201)	(345)
retirement of capital leases	<u>(20)</u>	<u>0</u>
Lease obligations, end of year	<u>400</u>	<u>374</u>
Current lease obligations	192	164
Non-current lease obligations	208	210

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the amount of contributions received for the purchase of capital assets not yet recognized as revenue. The changes in the deferred contributions balance are as follows:

	1999 (\$000's)	1998 (\$000's)
Deferred capital contributions, beginning of year	26,979	28,901
Add: Capital renewal fund received and interest earned	1,347	1,537
Current year's Deferred capital contributions	334	1,313
Less: Drawings from Capital renewal fund	(461)	(757)
Refund to Ontario Legislative Assembly	0	(417)
Amortization of Capital contributions	<u>(3,920)</u>	<u>(3,598)</u>
Deferred capital contributions, end of year	<u>24,279</u>	<u>26,979</u>

11. GOVERNMENT GRANTS AND FUNDING

	1999 (\$000's)	1998 (\$000's)
Provincial		
Ministry of Citizenship, Culture and Recreation		
- Base grant	47,540	49,040
- Capital Grant	<u>500</u>	<u>500</u>
	<u>48,040</u>	<u>49,540</u>
Less: Amount transferred to investments held for capital renewal	<u>(961)</u>	<u>(1,291)</u>
	<u>47,079</u>	<u>48,249</u>
Programming project grants and funding:		
Ontario Legislative Assembly	0	382
Others	286	338
Funding deferred from prior year	<u>0</u>	<u>118</u>
	<u>286</u>	<u>838</u>
Total Provincial	<u><u>47,365</u></u>	<u><u>49,087</u></u>
Federal		
Programming project grants and funding:		
Secretary of State	3,150	2,480
Others	94	82
Funding deferred from prior year	23	154
Funding deferred to future year (note 8)	<u>0</u>	<u>(23)</u>
Total Federal	<u><u>3,267</u></u>	<u><u>2,693</u></u>
Total government grants and funding	<u><u>50,632</u></u>	<u><u>51,780</u></u>

12. TVONTARIO GENERATED GROSS REVENUE AND COST OF GENERATED REVENUE

	1999 (\$000's)		Net Revenue	1998 (\$000's)		Net Revenue
	<u>Revenue</u>	<u>Cost*</u>		<u>Revenue</u>	<u>Cost*</u>	
Program sales	4,510	3,303	1,207	4,553	3,193	1,360
Membership	7,399	3,510	3,889	6,849	3,511	3,338
Corporate project underwriting **	1,260	759	501	1,399	600	799
Other income	<u>4,340</u>	<u>208</u>	<u>4,132</u>	<u>3,297</u>	<u>155</u>	<u>3,142</u>
	<u>17,509</u>	<u>7,780</u>	<u>9,729</u>	<u>16,098</u>	<u>7,459</u>	<u>8,639</u>

*Cost includes dedicated costs and allocated overhead costs.

	1999 (\$000's)	1998 (\$000's)
** Corporate project underwriting revenue:		
Revenue received in the year	1,550	1,362
Revenue deferred from prior year	5	42
Revenue deferred to future year	<u>(295)</u>	<u>(5)</u>
	<u>1,260</u>	<u>1,399</u>

13. NETWORK ACTIVITIES

	1999 (\$000's)	1998 (\$000's)
English programming services	25,175	24,237
French programming services	17,929	16,932
Common services and support		
- Broadcast distribution and production support	3,816	4,468
- Advertising and promotion	<u>2,659</u>	<u>2,064</u>
	<u>49,579</u>	<u>47,701</u>

14. COMMITMENTS

The Authority has entered into capital and operating leases covering transmission facilities, offices, warehouses and equipment. Future lease payments are as follows:

Year ending March 31	(\$000's)
2000	1,882
2001	1,723
2002	1,580
2003	<u>947</u>
	6,132
2004 and beyond	<u>3,258</u>
Total future lease payments	<u><u>9,390</u></u>

15. CONTRIBUTED MATERIALS AND SERVICES

The Authority uses the services of volunteers to assist primarily in the membership area. The Authority also receives contributions of materials for use mainly in fund raising activities. Due to the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

16. CHARITABLE STATUS

The Authority has been approved by Revenue Canada as a registered charitable organization and may issue income tax receipts for contributions.

17. INCOME TAXES

As a Crown corporation of the Province of Ontario and a registered non-profit organization under the Income Tax Act, the Authority is exempt from income taxes. Accordingly, no provision for income taxes is made in the financial statements.

18. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 date is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could effect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Authority, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

19. The TVOntario Foundation

The Authority controls The TVOntario Foundation (the Foundation) which became designated as a public foundation effective April 1, 1998. The board of directors of the Foundation is appointed by the board of directors of the Authority. The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the Income Tax Act. The objectives of the Foundation are to receive and maintain a fund or funds and to pay all or part of the principal and income to the Authority provided that the Authority maintains its status as a registered charity and continues to have as its objective the promotion of educational and/or children's programming.

The accounts of the Foundation are not consolidated in the financial statements of the Authority. Financial summaries of the Foundation are as follows:

The TVOntario Foundation

Financial Position as at March 31, 1999		(\$000's)
Cash on hand		<u>33</u>
Total liabilities	0	
Total net assets		<u>33</u>
		<u>33</u>
Results of operations for the year ending March 31, 1999		(\$000's)
Contributions at inception		32
Donations		<u>1</u>
Total revenue		33
Total expenditure *		<u>0</u>
Excess of revenue over expenditure		<u>33</u>

* The board of directors of the Authority has approved the funding of the Foundation's expenses until the Foundation is determined to be self-sufficient. Total expenditure related to the Foundation included in the Authority's statements is \$107,000.

OECA / OTÉO

EMPLOYEES PAID \$100,000 OR MORE IN 1998

Name	Position	Salary Paid (\$)	Taxable Benefits (\$)
Arnold, Clara	Director Human Resources	105,000	1,000
Bennett-Gale, Diana	Managing Director Marketing & Development	100,000	956
Bensimon, Jacques	Managing Director French Programming Services	113,500	1,083
Blackburn, Russell (Professional name: Pierre Granger)	Project Officer II	114,948	740
Duprey, Donald	Managing Director English Programming Services	119,400	1,140
Gervais, Louise	Account Executive (Underwriting)	118,909	458
Grant, Doug	Creative Head Public Affairs	115,027	1,098
Herndorf, Peter A.	Chairman and Chief Executive Officer	135,000	7,850
Paikin, Steve	Project Officer II	145,602	2,396
Robock, Lee	Director of Finance and Administration and Chief Financial Officer	105,000	943
Todd, Paula	Project Officer II	133,492	1,656

Ontario Financing Authority

Responsibility for Financial Reporting

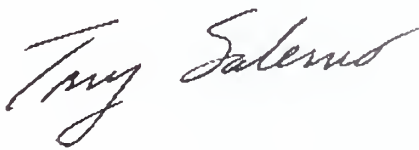
The accompanying financial statements of the Ontario Financing Authority have been prepared in accordance with accounting principles generally accepted in Canada and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to May 21, 1999.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit Committee of the Board of Directors.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Audit Committee meets periodically with management, the internal auditors and the external auditor to deal with issues raised by them to review the financial statements before recommending approval by the Board of Directors.

The financial statements have been audited by the Provincial Auditor. The Provincial Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's Report, which appears on the following page, outlines the scope of the Auditor's examination and opinion.

On behalf of Management:



Tony Salerno
Vice-Chair and
Chief Executive Officer

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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Auditor's Report

To the Ontario Financing Authority
and to the Minister of Finance

I have audited the balance sheet of the Ontario Financing Authority as at March 31, 1999 and the statements of net income and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1999 and the results of its operations and its cash flows for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Ontario
June 11, 1999

A handwritten signature in black ink, appearing to read "Erik Peters".

Erik Peters, FCA
Provincial Auditor

Ontario Financing Authority

Balance Sheet

<i>(in thousands of dollars)</i>	Corporate	POSO	Total March 31, 1999	Total March 31, 1998
ASSETS				
Current assets				
Cash	\$ 116	44,876	44,992	\$ 23,618
Receivable from the Province of Ontario (note 2i)	314	1,890,430	1,890,744	1,709,618
Accounts receivable	2,160	38,569	40,729	32,789
Loans receivable (note 4)	316	—	316	316
Total current assets	\$ 2,906	1,973,875	1,976,781	\$ 1,766,341
Long-term assets				
Capital assets (note 3)	1,656	749	2,405	2,326
Receivable from the Province of Ontario (note 2ii)	—	624,602	624,602	546,267
Loans receivable (note 4)	79,832	—	79,832	80,147
Total assets	\$ 84,394	2,599,226	2,683,620	\$ 2,395,081
LIABILITIES AND RETAINED EARNINGS				
Current liabilities				
Accounts payable and accrued liabilities	\$ 3,717	35,500	39,217	\$ 31,380
Funds on deposit (note 2i)	—	1,892,681	1,892,681	1,698,592
Due to the Province of Ontario (note 4)	316	—	316	316
Total current liabilities	\$ 4,033	1,928,181	1,932,214	1,730,288
Long-term debt				
Funds on deposit (note 2ii)	—	624,602	624,602	546,267
Due to CPP and the Province of Ontario (note 4)	79,841	—	79,841	80,157
Total liabilities	\$ 83,874	2,552,783	2,636,657	\$ 2,356,712
Retained earnings				
	520	46,443	46,963	38,369
Total liabilities and retained earnings	\$ 84,394	2,599,226	2,683,620	\$ 2,395,081

See accompanying notes to financial statements

Approved on behalf of the Board:



Bryne Purchase
Chair



Tony Salerno
Vice-Chair and Chief Executive Officer

Ontario Financing Authority

Statement of Net Income and Retained Earnings

<i>(in thousands of dollars)</i>	Corporate	POSO	Total March 31, 1999	Total March 31, 1998
REVENUE				
Interest revenue	\$ 7,867	119,073	126,940	\$ 101,400
Cost recovery from the Province	10,202	—	10,202	10,199
Miscellaneous revenue	—	1,334	1,334	1,545
Total revenue	\$ 18,069	120,407	138,476	\$ 113,144
EXPENDITURES				
Interest on short-term debt	\$ 16	68,988	69,004	\$ 48,055
Interest on long-term debt	7,846	29,918	37,764	34,939
Salaries, wages and benefits	7,533	8,822	16,355	16,988
Administrative and general	1,951	3,827	5,778	5,802
Amortization	718	263	981	1,101
Total expenditures	\$ 18,064	111,818	129,882	106,885
Net income for the period	\$ 5	8,589	8,594	\$ 6,259
Retained earnings, beginning of period	515	37,854	38,369	32,110
Retained earnings, end of period	\$ 520	46,443	46,963	\$ 38,369

See accompanying notes to financial statements

Ontario Financing Authority

Cash Flow Statement

<i>(in thousands of dollars)</i>	Corporate	POSO	Total March 31, 1999	Total March 31, 1998
Cash flows from operating activities				
Net income for the year	\$ 5	8,589	8,594	\$ 6,259
Adjustments to reconcile net income to funds provided by operating activities:				
Amortization	718	263	981	1,101
Net change in accounts receivable, payable and accrued liabilities	(20)	(83)	(103)	659
Cash flows from operating activities	\$ 703	8,769	9,472	\$ 8,019
Cash flows from financing activities				
Increase in proceeds from depositors	\$ —	272,424	272,424	\$ 94,397
Repayments to the Province re: OMIC loans	(316)	—	(316)	(323)
Repayments from holders of OMIC loans	315	—	315	323
Cash flows from financing activities	\$ (1)	272,424	272,423	\$ 94,397
Cash flows from investing activities				
Increase in POSO funds loaned to the Province of Ontario	\$ —	(259,461)	(259,461)	\$ (99,635)
Purchase of capital assets	(697)	(363)	(1,060)	(927)
Cash flows used in investing activities	\$ (697)	(259,824)	(260,521)	\$ (100,562)
Net increase in cash	\$ 5	21,369	21,374	\$ 1,854
Cash at beginning of period	111	23,507	23,618	21,764
Cash at end of period	\$ 116	44,876	44,992	\$ 23,618

See accompanying notes to financial statements

Ontario Financing Authority

Notes to Financial Statements
for the year ended March 31, 1999*(all tables are in thousands of dollars)***BACKGROUND**

The Ontario Financing Authority (the "Authority") was established as an agency of the Crown, on November 15, 1993, by the *Capital Investment Plan Act, 1993* (the "Act"). In accordance with the Act, the Authority's objects are:

- to assist public bodies and the Province of Ontario to borrow and invest money;
- to develop and carry out financing programs, issue securities, manage cash, currency and other financial risks on behalf of the Province, or any public body;
- to provide such other financial services as are considered advantageous to the Province or any public body;
- to operate offices as provided under the Province of Ontario Savings Office Act, as agent for the Minister of Finance; and
- any additional objects as directed by the Lieutenant Governor in Council.

The Authority is a corporation established under the laws of Ontario. The Authority is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the *Income Tax Act* of Canada.

1. SIGNIFICANT ACCOUNTING POLICIES

- (i) **General:** The financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Canadian Institute of Chartered Accountants.
- (ii) **Capital assets:** Capital assets are stated at cost. Amortization is provided using the straight-line method over the estimated useful life of the asset as listed below. Amortization is not taken in the year of acquisition.

Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	remaining life of lease

2. PROVINCE OF ONTARIO SAVINGS OFFICE

The Authority operates the Province of Ontario Savings Office (POSO) as agent of the Minister of Finance. POSO accepts deposits from the general public, government and other public bodies that form part of the Consolidated Revenue Fund and are direct liabilities of the Province. Administration costs for the period ended March 31, 1999 of \$933,800 (March 31, 1998 - \$965,000) relating to POSO are provided by the Ministry of Finance and are not included in these financial statements. The average rate of interest paid to depositors and earned from the Province for the year ended March 31, 1999 was 4.15% and 4.99% respectively (March 31, 1998 - 3.42% and 4.24% respectively). These deposits are comprised as follows:

(i) Receivable from the Province of Ontario and short-term funds on deposit

	March 31, 1999	March 31, 1998
Short-term deposits	\$ 190,223	\$ 115,040
Demand deposits	1,124,201	1,151,414
GICs maturing within one year	578,257	432,138
Total short-term funds on deposit	\$ 1,892,681	\$ 1,698,592

Ontario Financing Authority

Short-term funds on deposit include deposits made by the Ontario Clean Water Agency (OCWA), Ontario Realty Corporation (ORC) and other government agencies of about \$117 million (March 31, 1998 - \$93 million). Funds held on behalf of OCWA and ORC totalling \$109 million earned a variable rate of interest of 4.50% to 5.50% at March 31, 1999, (March 31, 1998 - \$85 million earning a variable rate of interest of 4.00% to 4.86%).

The total current "Receivable from the Province" of \$1,890,744 (March 31, 1998 - \$1,709,618) includes short-term funds on deposit plus working capital, mainly of POSO.

(ii) Receivable from the Province of Ontario and long-term funds on deposit

The long-term "Receivable from the Province" represents deposits with POSO that form part of the Consolidated Revenue Fund of the Province and for which POSO has issued long-term GICs. These deposits include \$236 million (March 31, 1998 - \$82 million) of deposits made by the Ontario Casino Corporation (OCC). The OCC funds are invested in two-year GICs, earning a variable rate of interest of 4.33% to 5.65% at March 31, 1999 (March 31, 1998 - 4.06% to 4.62%) and can be redeemed at the option of the holder on a quarterly basis.

These deposits mature as follows:

Year ended March 31	As at March 31, 1999		As at March 31, 1998	
	Principal Maturing	Effective Average Interest Rate (%)	Principal Maturing	Effective Average Interest Rate (%)
2000	\$ —		\$ 304,768	5.87
2001	384,899	5.02	82,754	6.16
2002	120,839	5.82	91,062	6.02
2003	75,510	5.37	67,683	5.63
2004	43,354	5.22	—	
Total	\$ 624,602		\$ 546,267	

3. CAPITAL ASSETS

The balance of capital assets, net of amortization, is as follows (amortization begins in the year following acquisition):

	Accumulated		Net	
	Cost	Amortization	March 31, 1999	March 31, 1998
Furniture and equipment	\$ 1,112	\$ (798)	\$ 314	\$ 496
Computer hardware	4,011	(2,165)	1,846	1,507
Leasehold improvement	1,180	(935)	245	323
	\$ 6,303	\$ (3,898)	\$ 2,405	\$ 2,326

4. ONTARIO MUNICIPAL IMPROVEMENT CORPORATION (OMIC)

In accordance with the *Capital Investment Plan Act, 1993*, the Ontario Municipal Improvement Corporation (OMIC) ceased to exist and its assets and liabilities were transferred to the Authority on November 15, 1993. OMIC received loans from the Canada Pension Plan (CPP) and the Province, which OMIC used to make loans to municipalities and school boards under similar terms as its debt.

As at March 31, 1999, the portion of long-term debt maturing in 1999-2000 is \$316,000 (March 31, 1998 - \$316,000 maturing in 1998-99) and is due to the Province. Long-term debt (maturing in the year ended March 31, 2001 and future) is comprised of debt due to the Province of \$820,000 and to the Canada Pension Plan of \$79 million (March 31, 1998 - \$1.15 million, and \$79 million respectively, maturing in year ended March 31, 2000 and future). The terms of the outstanding debt are as follows:

Ontario Financing Authority

	As at March 31, 1999		As at March 31, 1998	
Year ended March 31	Principal Maturing	Effective Average Interest Rate (%)	Principal Maturing	Effective Average Interest Rate (%)
1999	\$ —		\$ 316	13.06
2000	316	13.39	316	13.39
2001	326	13.58	326	13.58
2002	354	13.59	354	13.59
2003	64	11.55	64	11.55
2004	54	11.55	—	
1-5 years	1,114		1,376	
6-20 years	79,043	9.61	79,097	9.61
Total	\$ 80,157		\$ 80,473	

5. TRANSACTIONS WITH THE PROVINCE AND OTHER PUBLIC BODIES

- (i) **Financing activities between the Province and other Public Bodies:** Acting as a financial conduit for the Province, the Authority provides financing to various public bodies, the repayment of which is expected from third-party revenues. The funds for these loans are advanced to the Authority by the Province under a credit facility of \$2.16 billion. Repayments received from public bodies by the Authority are forwarded to the Province. These transactions are not reflected in these financial statements.

In compliance with an Ontario Financing Authority Lending Policy adopted by its Board of Directors on December 17, 1997, each advance received by the Authority under the current facility bears interest at a rate that is equivalent to the rate of interest payable to the Authority on the corresponding loan to a public body(ies). As at March 31, 1999, \$1.71 billion (March 31, 1998 - \$1.58 billion), including accrued interest, was advanced by the Province to the Authority and must be repaid by the Authority on or before August 31, 2027.

Funds are generally advanced by the Authority to public bodies under interim financing arrangements, consisting of a number of promissory notes for terms not exceeding one year. Interest is payable on the principal plus any capitalized interest. As at March 31, 1999, these interest rates ranged from 4.75% to 5.65% (March 31, 1998 from 3.05% to 5.10%). It is the Authority's intention to replace these promissory notes with term debt, at which point repayment terms will be finalized.

As at March 31, 1999, the following have been converted into debentures: Ontario Transportation Capital Corporation - \$500 million at 6.66% and \$500 million at 8.25% maturing on August 28, 2013 and June 2, 2026 respectively; Ontario Northland Transportation Commission - \$3.9 million at 5.64% maturing April 1, 2008.

The following represent amounts receivable by the Authority on behalf of the Province, including capitalized interest, net of financing costs. These are related party transactions, with the exception of those with the City of Windsor.

	March 31, 1999	March 31, 1998
Ontario Transportation Capital Corporation - Hwy 407	\$ 1,524,642	\$ 1,424,246
Metro Toronto Convention Centre	151,360	146,728
Corporation of the City of Windsor	19,923	11,577
Ontario Northland Transportation Commission	17,725	—
Centennial Centre of Science and Technology	600	1,629
	\$ 1,714,250	\$ 1,584,180

Ontario Financing Authority

The Ontario Transportation Capital Corporation (OTCC) is a Crown agency of the Province established by the *Capital Investment Plan Act, 1993*. The Board of Directors is appointed by the Lieutenant Governor in Council. The OTCC was continued as a share capital corporation under the *Ontario Business Corporations Act*, wholly owned by the Province, and renamed "407 ETR Concession Company Limited."

To facilitate the sale on May 5, 1999 of the OTCC by the Province of Ontario, effective April 6, 1999 the Ontario Financing Authority assigned and transferred all of its rights, title and interest in debt owed to it by the OTCC, including long-term debt, promissory notes and accrued interest, to the Province. The Province agreed to accept such assignment as payment in full of the corresponding indebtedness of the OFA to the Province. The Province also confirmed that the indebtedness of the OFA to the Province of \$1,524,642,000 and accrued interest was discharged.

The Metro Toronto Convention Centre Corporation (MTCC) is a Crown agency of the Province under the *Metropolitan Toronto Convention Centre Corporation Act*. The majority of directors on the MTCC board are appointed by the Lieutenant Governor in Council.

The Corporation of the City of Windsor is a municipality within the meaning of the *Municipal Act*. The financing provided is for the acquisition, design and construction of the Windsor Justice Facility, consisting of provincial division courthouse and city police headquarters.

The Ontario Northland Transportation Commission (ONTC) is a Crown agency of the Province under the *Ontario Northland Transportation Commission Act, 1990*. Members of the Commission are appointed by the Lieutenant Governor in Council.

The Centennial Centre of Science and Technology is a Crown agency of the Province under the *Centennial Centre of Science and Technology Act*. Its Board of Trustees is appointed by the Lieutenant Governor in Council.

(ii) Investing for Related Parties: In the normal course of operations, the Authority provides investment management services to other public bodies. Funds managed on behalf of other public bodies (which are not reflected in these financial statements) as at March 31, 1999, consist of \$199 million held on behalf of the Northern Ontario Heritage Fund Corporation (March 31, 1998 - \$186 million).

(iii) Province of Ontario Savings Office: Other related parties have deposited their funds as described in Note 2 (i) and 2 (ii). Total amounts deposited as at March 31, 1999 were \$389 million. (March 31, 1998 - \$175 million).

6. PENSION PLAN

The Authority provides pension benefits for its employees through participation in two pension plans of the Ontario Public Service established by the Province of Ontario: the Ontario Public Service Employees' Union Pension Plan and the Public Service Pension Plan. The Authority's pension contributions for the period ended March 31, 1999 were \$817,000 with no cost for unfunded pension liability (March 31, 1998 - \$1,312,000 including \$460,000 for unfunded liability). Pursuant to a recent Management Board decision, starting in fiscal 1998-99, the cost of unfunded pension liability will not be recovered from Ministries and Agencies.

7. FINANCIAL INSTRUMENTS

The carrying amounts for cash, accounts receivable, receivable from the Province of Ontario, accounts payable and accrued liabilities and short-term funds on deposit approximate their fair values because of the short-term maturity of these instruments.

Given that the terms and amounts of the Authority's long-term receivables offset the Authority's long-term debt, providing fair values for these instruments would not add any more useful information to that which has already been presented in these financial statements.

Ontario Financing Authority

8. SALARIES (absolute dollars)

Provincial Legislature requires disclosure of Ontario Public-sector employees paid an annual remuneration in excess of \$100,000. The amounts paid in 1998 to individuals listed below, who are identified with an asterisk (*), include salary and performance-based pay.

Name	Position	Remuneration Paid	Taxable Benefits
Charles Allain	Manager - Risk Management	\$ 131,808*	\$ 324
David Brand	Director - Province of Ontario Savings Office	\$ 103,361	\$ 281
Morris Cheung	Project Manager - Capital Markets Program	\$ 105,816*	\$ 208
Kanak Chopra	Director - Risk Control	\$ 147,786*	\$ 370
James Devine	Manager - Fixed Income & Medium-Term Notes	\$ 120,509*	\$ 296
Andrew Hainsworth	Manager - Funding	\$ 120,509*	\$ 296
Douglas Harrington	Manager - Risk Control Operations	\$ 106,423*	\$ 280
Michael Manning	Director - Risk Management	\$ 165,693*	\$ 408
Gadi Mayman	Executive Director - Capital Markets	\$ 173,209*	\$ 425
Christine Moszynski	Director - Capital Markets Treasury	\$ 101,962	\$ 276
David Peters	Manager - Foreign Exchange	\$ 120,455*	\$ 296
William Ralph	Director - Corporate Finance	\$ 103,861	\$ 275
Tony Salerno	ADM - Office of Treasury/CEO - Vice Chair, OFA	\$ 210,253*	\$ 515
Corey Simpson	Legal Counsel	\$ 115,601	\$ 330

9. CONTINGENT LIABILITIES

The Province of Ontario Savings Office is involved in two legal actions, the outcome and ultimate disposition of which are not determinable at this time.

10. THE YEAR 2000 CHALLENGE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using a year 2000 date is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. COMPARATIVE FIGURES

Certain of the 1997-98 comparative figures have been reclassified to conform with the financial statement presentation adopted in 1998-99.

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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Auditor's Report

To the Ontario Housing Corporation
and to the Minister of Municipal Affairs and Housing

I have audited the balance sheet of the Ontario Housing Corporation as at December 31, 1998 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998, and the results of its operations for the year then ended in accordance with the accounting policies described in note 1 to the financial statements.

Erik Peters, FCA
Provincial Auditor

Toronto, Ontario
April 22, 1999

ONTARIO HOUSING CORPORATION
Balance Sheet
As at December 31, 1998


	1998	1997
	(Thousands of dollars)	
ASSETS		
Investments in Properties (note 3)	1,144,891	1,172,526
Mortgages and Loans (note 4)	27,128	28,961
Amount due from Province of Ontario	107,085	122,982
Accounts Receivable	8,351	9,028
	1,287,455	1,333,497
Non-Profit Housing Fund (note 5)	1,359,712	1,359,464
	2,647,167	2,692,961
LIABILITIES		
Long-Term Debt (note 6)	995,310	1,019,812
Accounts Payable and Accrued Liabilities (note 7)	101,757	115,323
Bank Indebtedness	537	3,435
	1,097,604	1,138,570
Non-Profit Housing Fund (note 5)	1,359,712	1,359,464
CONTINGENT LIABILITY (note 14)		
EQUITY		
Contributed Surplus (note 8)	189,851	194,927
	2,647,167	2,692,961

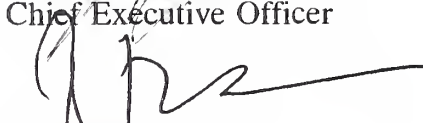
See accompanying notes to financial statements.

On Behalf of the Board:


 Chair


 General Manager


 Chief Executive Officer


 Treasurer

ONTARIO HOUSING CORPORATION
Statement of Operations
For the Year Ended December 31, 1998

	1998	1997
	(Thousands of dollars)	
Assisted Housing (note 9)		
Rental Revenue	314,984	306,656
Expenses		
Property Operating Expenses	304,902	311,711
Capital Repairs & Improvements	117,590	107,130
Grants in lieu of Municipal Taxes	123,641	120,203
Amortization (Principal and Interest)	104,782	108,165
Total Expenses	650,915	647,209
Net Operating Costs of Assisted Housing	335,931	340,553
Rent Supplement (note 10)	111,522	118,782
Provincial Contributions to Municipal Housing (note 11)	18,879	22,117
Rural and Native Housing (note 12)	7,698	7,871
Total Operating Costs before Subsidies	474,030	489,323
Subsidies		
Canada Mortgage and Housing Corporation	223,301	227,429
Province of Ontario (Loan Amortization Contribution)	19,797	20,750
Ministry of Municipal Affairs and Housing	230,932	241,144
Total Subsidies	474,030	489,323

See accompanying notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

NATURE OF OPERATIONS

The Ontario Housing Corporation is an agency of the Ministry of Municipal Affairs and Housing and is established under the Ontario Housing Corporation Act. It is funded through rental income from tenants and subsidies from the Provincial and Federal Governments. The Corporation together with its agents - the 54 Local Housing Authorities - manage the Province's extensive public housing portfolio. Housing is provided to low income households based on need. Eligible tenants pay rent based on income rather than on the size or type of housing provided.

The Corporation is the largest landlord in Ontario, owning approximately 84,000 public housing units; providing rent supplement payments for approximately 21,000 units within private, non-profit and cooperative rental housing buildings; and providing subsidy to approximately 15,500 units within the Metro Toronto Housing Company Ltd. and to approximately 3,200 units in rural and native areas of Ontario.

1. SIGNIFICANT ACCOUNTING POLICIES

The following summarizes the significant accounting policies used in preparing the accompanying financial statements:

- i) The Corporation uses the accrual method of accounting.
- ii) Capital funds provided by the Province of Ontario for Investments in Properties are not repayable and are therefore recorded as Contributed Surplus. However, to reflect the full costs of operating the properties, relevant amortization charges (principal and interest) are imputed and included in the Net Operating Cost of Assisted Housing. Such amortization is offset by a subsidy from the Province of Ontario in the Statement of Operations.
- iii) Land and buildings held as investments in Provincial and Federal-Provincial properties are amortized on a basis equal to the reduction of the corresponding long-term debt. For the provincial portion of such investments, the reduction is made to Contributed Surplus.
- iv) Capital Repairs and Improvements and furniture and equipment purchases are expensed in the year incurred.

2. SELF-INSURANCE

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for damages such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

3. INVESTMENT IN PROPERTIES

The Corporation's investment in properties is as follows:

	1998	1997
	(thousands of dollars)	
(a) Provincial Housing	1,053,114	1,074,753
(b) Federal-Provincial Housing	11,689	12,202
(c) Rural and Native Housing	28,058	28,082
(d) Student Housing on Leased Land	49,345	54,916
(e) Other	2,685	2,573
	1,144,891	1,172,526

(a) Provincial Housing

This investment represents land and building costs of wholly-owned properties which are amortized over periods not exceeding 50 years.

	1998	1997
	(thousands of dollars)	
Cost	1,317,683	1,316,593
Less: Accumulated Amortization	264,569	241,840
Net Book Value	1,053,114	1,074,753

(b) Federal-Provincial Housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 50 years.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

	1998	1997
	(thousands of dollars)	
Cost	20,753	20,753
Less: Accumulated Amortization	9,064	8,551
Net Book Value	11,689	12,202

(c) Rural and Native Housing

These properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 35 years. The properties are managed by Canada Mortgage and Housing Corporation on behalf of the partnership - see note 12.

	1998	1997
	(thousands of dollars)	
Rental Properties	26,136	24,822
Lease to Purchase Properties	1,922	3,260
Net Book Value	28,058	28,082

(d) Student Housing on Leased Land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over a 50 year period. When the costs are fully repaid, titles to the properties will be transferred to the respective institutions. The institutions retain the rental revenues and absorb the property operating expenses. Consequently, the accumulated contributions of the universities and colleges represent their equity in the properties.

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1998

	1998	1997
	(thousands of dollars)	
Cost	62,682	67,873
Less: Educational Institutions' Equity	13,337	12,957
Net Book Value	49,345	54,916

(e) Other	1998	1997
	(thousands of dollars)	
Leased Land, at cost	2,308	2,308
Land Inventory, lower of cost or estimated market value	265	265
Other	112	0
	2,685	2,573

4. MORTGAGES AND LOANS

	1998	1997
	(thousands of dollars)	
Rural and Native Housing Program (See note 12)	24,293	26,072
Other	2,835	2,889
	27,128	28,961

5. NON-PROFIT HOUSING FUND

The Province of Ontario authorized the Corporation to borrow funds from the Canada Pension Plan Fund ("CPP") by the issuance of debentures. The funds borrowed were loaned as mortgages to non-profit housing corporations and universities and colleges to build, acquire or lease housing units under the Homes Now and Student Residences Programs.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

These mortgages to non-profit housing corporations have been discharged and refinanced by the private lenders. Funds received from the discharged mortgages are loaned to the Province of Ontario.

As at December 31, 1998, the fund consisted of:

	1998	1997
	(thousands of dollars)	
Assets		
Cash	1,330	1,082
Loans to Province of Ontario	1,157,212	1,157,212
Mortgages		
Non-Profit Housing Corps.	1,760	1,760
Universities and Colleges	166,128	166,128
Interest Receivable	33,282	33,282
	1,359,712	1,359,464

Liabilities and Fund Balance

Canada Pension Plan Investment		
Fund (CPP) Debentures	1,323,340	1,323,340
Interest Payable	33,282	33,282
Fund Balance	3,090	2,842
	1,359,712	1,359,464

The CPP funds were borrowed from 1989 to 1992 and are repayable 20 years from the date of issuance of the debentures. Interest is payable semi-annually at various rates based on individual debentures - weighted average rate of 10.3%.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

Loans to the Province and mortgages to non-profit housing corporations and universities and colleges are repayable over periods not in excess of 20 years. Interest is calculated semi-annually at various rates based on individual loans and mortgages - weighted average rate of 9.0% (1997 - 9.0%). When the interest received from the Province is less than the interest payable on the related CPP borrowings, the Corporation receives an interest adjustment from the Ministry of Municipal Affairs and Housing for the difference.

Details of the transactions related to the fund balance are as follows:

	1998	1997
	(thousands of dollars)	
Balance - Beginning of Year	2,842	20,513
Interest Earned	136,225	136,351
Interest Expense	(135,977)	(135,977)
Transfer to Ministry		(18,000)
Legal and Consulting Services		(41)
Refinancing Costs		(4)
Balance - End of Year	3,090	2,842

Interest earned includes \$ 102.2 million (1997 - \$102.2 million) on loans to the Province of Ontario, \$17.1 million (1997-\$17.2 million) from long term mortgages to Universities and Colleges, and \$16.9 million (1997-\$16.9 million) from the Ministry of Municipal Affairs and Housing as an interest adjustment for the difference between the interest rates on CPP borrowings and loans to the Province.

6. LONG-TERM DEBT

	1998	1997
	(thousands of dollars)	
Canada Mortgage and Housing Corporation	977,911	1,001,943
Other	17,399	17,869
	995,310	1,019,812

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

The Corporation borrows funds from Canada Mortgage and Housing Corporation and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods not in excess of 50 years. Interest is payable at various rates based on individual agreements - weighted average rate of 6.9% (1997 - 7.4%).

Principal repayments on the long-term debt are as follows:

	(thousands of dollars)
1999	22,933
2000	24,489
2001	26,152
2002	27,930
2003	29,826
Subsequent to 2003	863,980
	995,310

While the Corporation is indebted for capital funds borrowed in respect of investments in Provincial housing projects, the principal and interest paid on the indebtedness are cost shared with Canada Mortgage and Housing Corporation (CMHC).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1998	1997
	(thousands of dollars)	
Canada Mortgage and Housing Corporation	24,064	24,271
Other	77,693	91,052
	101,757	115,323

ONTARIO HOUSING CORPORATION
Notes to Financial Statements
December 31, 1998

8. CONTRIBUTED SURPLUS

	1998	1997
	(thousands of dollars)	
Balance - Beginning of Year	194,927	199,658
Capital Recoveries	(5,076)	(4,731)
Balance - End of Year	189,851	194,927

9. ASSISTED HOUSING

Under the assisted housing program, the Corporation owns (either wholly or in partnership with Canada Mortgage and Housing Corporation) rental properties and provides rent-geared-to-income accommodation to households in need. The management of the properties is carried out through a network of local housing authorities who act as agents of the Corporation. The net operating cost of this program is shared with Canada Mortgage and Housing Corporation.

10. RENT SUPPLEMENT

Under the rent supplement programs, the use of rental units is acquired from the private sector and from certain non-profit and cooperative housing groups and then rent-geared-to-income subsidies are provided to households in need. The subsidies represent the difference between the rent guaranteed to the landlord and the tenant portion of the rent. The costs for most of these programs are shared with Canada Mortgage and Housing Corporation.

11. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL HOUSING

The Corporation provides funding to the Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

12. RURAL AND NATIVE HOUSING

This program, administered by Canada Mortgage and Housing Corporation, provides subsidies for rental, lease to purchase and home ownership accommodation to families in rural areas. Rental, lease to purchase and home ownership payments are geared to owners' income. The expense represents the Corporation's share of the subsidy provided.

13. RELATED PARTY TRANSACTIONS**(a) Pension Plan**

The Corporation provides pension benefits for substantially all its permanent crown employees through participation in two multi-employer pension plans, the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario.

The Corporation's net contribution to the PSPF and the OPSEU Pension Fund for the year was \$5.0 million (1997 - \$11.8 million consisting of \$6.4 million for the annual contribution and \$5.4 million for prior years' funding deficiencies). This amount is included in Assisted Housing - Property Operating Expenses and Rent Supplement in the Statement of Operations. Effective April 1, 1998, the cost of prior year's funding deficiencies is absorbed by the Province.

(b) Administrative Support Services

The Ministry of Municipal Affairs and Housing provides administrative support services to the Corporation. The charge for these services is based on the estimated time spent by Ministry staff on the Corporation's activities. The administrative support services charge included in Assisted Housing - Property Operating Expenses and Rent Supplement amounted to \$15.7 million (1997 - \$15.6 million).

14. CONTINGENT LIABILITY

The Corporation has entered into loan insurance agreements with Canada Mortgage and Housing Corporation (CMHC) pertaining to mortgage loans on projects funded under various non-profit housing programs administered by the Ministry of Municipal Affairs and Housing. Under these agreements, CMHC will insure mortgage loans made by lenders approved under the National Housing Act for the purpose of purchasing, improving, constructing or altering housing units. While the insurance is provided by CMHC, the Corporation is liable to CMHC for any net costs, including any environmental

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

liabilities, incurred as a result of loan defaults on projects funded entirely by the Province, and must share any net costs incurred for loan defaults on projects funded jointly by CMHC and the Province. Any costs incurred by the Corporation will be reimbursed by the Ministry of Municipal Affairs and Housing.

As of December 31, 1998, there were \$5.5 billion (1997 - \$5.6 billion) of mortgage loans outstanding on provincially-funded projects and the provincial share of mortgage loans outstanding on jointly-funded projects was \$2.0 billion (1997 - \$1.9 billion). As the Province provides operating subsidies sufficient to ensure that all mortgage payments can be made when due, default is unlikely. To date, there have been no claims for defaults on insured mortgage loans.

15. DETERMINATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments are based on relevant market prices and information available at December 31, 1998. The fair value estimates are not necessarily indicative of the amounts that the Corporation might receive or incur in actual market transactions. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Since the investments in properties do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of the Corporation as a whole.

It is impractical to determine fair values for mortgages and loans made under the Rural and Native Housing program because of the terms and conditions related thereto, including associated subsidies.

The fair values of amounts due from the Province of Ontario, accounts receivable, accounts payable and accrued liabilities, and bank indebtedness approximate their carrying values because of the short term maturity of these instruments.

The fair values of each of the Corporation's long-term debt instruments is based on the amount of future cash flows associated with each instrument discounted using an estimate based on debt instruments with similar characteristics. At December 31, 1998, the aggregate fair value of these instruments exceeded their aggregate book values by \$41.4 million (1997-\$3.5 million).

Due to the nature of the assets and liabilities comprising the Non-Profit Housing Fund and the terms and conditions related thereto, the Corporation does not have any significant interest rate risk because the Corporation is reimbursed for losses arising from fluctuations in interest rates.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements

December 31, 1998

16. YEAR 2000 READINESS

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

If the Year 2000 Issue is not addressed by the corporation and its major suppliers and other third party business associates, the impact on the corporation's operations and financial reporting may range from minor errors to significant systems failure which could affect the corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the corporation, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

The Corporation has a program in place which management believe will address the year 2000 issue.

17. FUTURE OPERATIONS

As part of its Local Services Realignment initiative, the government announced that funding and administration of social housing would be devolved to municipalities. This implied that the Corporation's role would disappear or be much reduced by the year 2000. However, devolution of administrative responsibility for social housing to municipalities requires a new agreement with the Federal Government. Negotiations on this new Federal-Provincial agreement have not yet been finalized and the timing is still uncertain.

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To Ontario Place Corporation
and to the Minister of Economic Development, Trade and Tourism

I have audited the balance sheet of Ontario Place Corporation as at December 31, 1998 and the statements of operations and equity, changes in equity and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998, and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Ontario
May 10, 1999

A handwritten signature in dark ink, reading 'K.W. Leishman'.

K.W. Leishman, CA
Assistant Provincial Auditor

ONTARIO PLACE CORPORATION

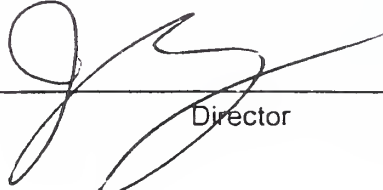
Balance Sheet
As at December 31, 1998

	1998 (\$000's)	1997 (\$000's)
Assets		
Current Assets		
Cash and short-term deposits (Note 3)	2,473	1,262
Accounts receivable, net	485	712
Inventory	208	220
Prepaid expenses	127	136
	<u>3,293</u>	<u>2,330</u>
Capital Assets (Note 4)	<u>114,399</u>	<u>115,321</u>
	<u>117,692</u>	<u>117,651</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	805	2,074
Due to the Province of Ontario	361	194
Deferred income	44	223
	<u>1,210</u>	<u>2,491</u>
Deferred Capital Contributions (Note 5)	<u>11,975</u>	<u>13,661</u>
Equity		
Invested in capital assets	102,424	101,660
Retained income (deficit)	2,083	(161)
	<u>104,507</u>	<u>101,499</u>
	<u>117,692</u>	<u>117,651</u>
Contingencies and Commitments (Note 7)		

See accompanying schedules and notes to financial statements.

Approved on behalf of the Corporation.


Director


Director

ONTARIO PLACE CORPORATION

Statement of Operations and Equity
For the Year Ended December 31, 1998

	Year Ended December 31, 1998 (\$000's)	Nine Months Ended December 31, 1997 (\$000's)
Operating revenue (Schedule 1)	13,812	12,415
Administrative and operating expenses (Schedule 2)	<u>17,702</u>	<u>14,774</u>
Operating deficit before the following	(3,890)	(2,359)
Province of Ontario operating grant	4,033	5,439
Amortization of deferred capital contributions	1,686	1,202
Amortization of capital assets	(2,106)	(1,505)
Refund of prior year realty taxes (Note 8)	<u>3,285</u>	<u>0</u>
Net income for the year	3,008	2,777
Equity, beginning of year	<u>101,499</u>	<u>98,722</u>
Equity, end of year	<u><u>104,507</u></u>	<u><u>101,499</u></u>

Statement of Changes in Equity
For the Year Ended December 31, 1998

	Year Ended December 31, 1998 (\$000's)			Nine Months Ended December 31, 1997 (\$000's)
	Invested in Capital Assets	Retained Income (deficit)	Total	Total
Balance, beginning of year	101,660	(161)	101,499	98,722
Net income	(537)	3,545	3,008	2,777
Investment in capital assets	<u>1,301</u>	<u>(1,301)</u>	<u>—</u>	<u>—</u>
Balance, end of year	<u><u>102,424</u></u>	<u><u>2,083</u></u>	<u><u>104,507</u></u>	<u><u>101,499</u></u>

See accompanying schedules and notes to financial statements.

ONTARIO PLACE CORPORATION

Statement of Changes in Financial Position
For the Year Ended December 31, 1998

	Year Ended December 31, 1998 (\$000's)	Nine Months Ended December 31, 1997 (\$000's)
Operating Activities		
Net income for the year	3,008	2,777
Adjustments against net income not requiring an outlay of cash		
- amortization of capital assets	2,106	1,505
- amortization of deferred capital contributions	(1,686)	(1,202)
- gain on capital assets disposed	(66)	0
	<u>3,362</u>	<u>3,080</u>
Net change in non-cash working capital	(1,033)	182
Cash provided by operating activities	<u>2,329</u>	<u>3,262</u>
Investing Activities		
Capital assets disposed	183	0
Capital assets acquisitions	(1,301)	(2,374)
Cash used in investing activities	<u>(1,118)</u>	<u>(2,374)</u>
Increase in cash during the year	1,211	888
Cash and short-term investments, beginning of year	<u>1,262</u>	<u>374</u>
Cash and short-term investments, end of year	<u><u>2,473</u></u>	<u><u>1,262</u></u>

See accompanying schedules and notes to financial statements.

ONTARIO PLACE CORPORATION**Schedules of Operating Revenue and Administrative and Operating Expenses
For the Year Ended December 31, 1998****Schedule 1
Operating Revenue**

	Year Ended December 31, 1998 (\$000's)	Nine Months Ended December 31, 1997 (\$000's)
Admissions	6,114	5,622
Parking	1,667	1,647
Concessions	1,270	1,240
Cinesphere revenues	1,356	1,170
Other	1,257	869
Sponsorship revenue (Note 9)	1,003	731
Attractions	462	568
Marina	572	527
Interest income	111	41
	<u>13,812</u>	<u>12,415</u>

**Schedule 2
Administrative and Operating Expenses**

	Year Ended December 31, 1998 (\$000's)	Nine Months Ended December 31, 1997 (\$000's)
Salaries and wages	5,996	5,187
Employee benefits (Note 6)	958	721
Advertising	2,087	2,098
Programming and entertainment	2,319	2,006
Site maintenance and miscellaneous services	1,996	1,948
General and office	1,717	1,246
Supplies	638	585
Utilities	837	545
Realty taxes (Note 8)	494	329
Bad debts	575	11
Security services	71	55
Directors' fees	14	9
Sponsorship	0	34
	<u>17,702</u>	<u>14,774</u>

See accompanying notes to financial statements.

ONTARIO PLACE CORPORATION**Notes to Financial Statements
December 31, 1998**

1. NATURE OF OPERATION

Ontario Place Corporation, a provincial Crown agency, operates a park built on a 96-acre site extending through three islands created using landfill along the Toronto waterfront. The park includes a wide variety of programs, attractions and facilities which capture the spirit of Ontario by featuring distinctive and quality attractions for all ages. The site is intended to provide visitors with an appreciation of the Province's resources and accomplishments.

The fees charged for admission and the various attractions within the park are subject to approval by the Province of Ontario. The Province also provides a grant to partially cover the costs of activities, programs and rejuvenation of the park.

In addition to the various attractions and activities operated directly by Ontario Place, the Corporation had for the 1998 season, 23 licence, ground lease and special event agreements with various private-sector companies. Subsequent to the year end, the Corporation entered into a new agreement with one concessionaire to operate the majority of the food outlets for the next 10 years. The combined site activities are estimated to generate revenues of approximately \$60 million annually.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Accounting**

The financial statements are the representations of management prepared in accordance with generally accepted accounting principles, consistently applied.

(b) Inventory

Supplies inventory is valued at cost. Resale inventory is valued at the lower of cost or net realizable value, where cost is determined on a first in first out basis.

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets as indicated below:

Buildings	25 years
Attractions	10 years
Equipment, fixtures	10 years
Computer equipment	4 years
Vehicles	3 years

(d) Donations

When the fair value of donated equipment, materials and services cannot be reasonably determined, they are not recorded as assets and amortized or included in income.

(e) Revenues

Under the Park's Play All Day Admission Policy, most of the related revenue is allocated to Admissions with the exception of Sea Trek and other minor attractions.

ONTARIO PLACE CORPORATION

Notes to Financial Statements
December 31, 1998

3. CASH AND SHORT-TERM DEPOSITS

The Corporation's investment policy restricts short-term deposits to high liquid, high-grade money market instruments such as federal/provincial treasury bills, banker's acceptances and term deposits. Short-term deposits were \$2.0 million at December 31, 1998 (1997 - \$0.6 million).

4. CAPITAL ASSETS

Capital assets consists of the following:

	1998			1997
	Cost (\$000's)	Accumulated Amortization (\$000's)	Net Book Value (\$000's)	Net Book Value (\$000's)
Land, waterlots	101,660	0	101,660	101,660
Buildings	4,508	1,107	3,401	3,549
Attractions	9,464	4,165	5,299	5,395
Equipment, fixtures	9,729	5,708	4,021	4,717
Computer equipment	145	132	13	0
Vehicles	71	66	5	0
	<u>125,577</u>	<u>11,178</u>	<u>114,399</u>	<u>115,321</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the amount of restricted grants received and used for the purchase of capital assets but not yet recognized as revenue. The changes in the deferred contributions balance are as follows:

	Year Ended December 31, 1998 (\$000's)	Nine Months Ended December 31, 1997 (\$000's)
Balance, beginning of year	13,661	14,863
Amount amortized against revenue	(1,569)	(1,202)
Unamortized amount on capital assets disposed	<u>(117)</u>	<u>0</u>
Balance, end of year	<u>11,975</u>	<u>13,661</u>

ONTARIO PLACE CORPORATION**Notes to Financial Statements
December 31, 1998**

6. PENSION PLAN

The Corporation provides pension benefits for all its permanent employees (and to non-permanent employees who elect to participate) through the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario.

The Corporation's contribution related to the PSPF and OPSEU Pension Fund for the period was \$303,771 (nine months in 1997 - \$239,848) and is included in employee benefits in the Schedule of Administrative and Operating Expenditures.

7. CONTINGENCIES AND COMMITMENTS**(a) Concessionaires**

The Corporation was named as a defendant in an action by a concessionaire in June 1995. Total claimed damages amount to \$1.5 million plus interest and legal costs. The Corporation was also named as a co-defendant in actions by two other concessionaires in November 1995. Total claimed damages on each action amount to \$1.5 million plus interest and legal costs. There is a cross claim for the claimed damages in each action by the co-defendants against the Corporation and a cross claim in each action by the Corporation against its co-defendants.

The likelihood of a loss to the Corporation, and amount of loss regarding each of the actions is not determinable at this time.

(b) Breach of Contract

On November 10, 1997, one of the proponents in a Request for Proposal process issued a Statement of Claim for damages in the amount of \$167 million to various individuals and corporations including Ontario Place and the Chair of its Board of Directors. The courts awarded Ontario Place security for costs and since the proponent did not comply within the required time, the action is no longer proceeding. Legal fees incurred by Ontario Place related to this action have been funded by the Ministry, and paid from a trust account set up by Ontario Place.

(c) Lease Commitments

Minimum lease payments for equipment rental and licence fees for 1999 is \$360,000.

8. REALTY TAXES

The Corporation was successful in its appeal for a reassessment of its realty taxes for the taxation years 1994 to 1997 and received a settlement of \$3,575,284 from the City of Toronto during the year. The \$3,285,037 represented the settlement less \$290,247 charged by consultants for services related to the appeals.

Realty taxes for the taxation year 1998 are still being appealed. Any refund will be accounted for in the year the appeal is settled.

ONTARIO PLACE CORPORATION**Notes to Financial Statements
December 31, 1998**

8. REALTY TAXES (CONTINUED)

The corporation believes, and has received a legal opinion stating that it has no legal obligation to pay grants in lieu of property taxes relating to Ontario Place. As a result, in fiscal 1996/97, the Board of Directors of the Corporation passed a resolution declaring that, commencing with the 1996 taxation year, the Corporation will not make any payment or record any charges for property taxes or grants in lieu of property taxes with respect to those portions of Ontario Place property not occupied by tenants. The Corporation advised the Ministry of Economic Development, Trade and Tourism, and the Ministry of Municipal Affairs and Housing of the Board's decision.

During the year, the Corporation paid property taxes of \$977,326 (nine months in 1997 - \$760,618) including the concession premises. The Corporation charged back \$483,402 (nine months in 1997 - \$431,161) to these concessions.

9. SPONSORSHIP REVENUE

Sponsorship agreements confer exclusive use of company products/services during the operating season, and include promotion and facility signage throughout the site where applicable.

Sponsorship revenue does not include in kind contributions including an estimated \$5 million in Symphony of Fire programming costs paid directly by a major sponsor. Without these program contributions, Ontario Place would have to incur considerable expenditures for such events to maintain attendance levels and site revenues.

10. YEAR 2000 ISSUE

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors or systems failures when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on the Corporation's operations and financial reporting may range from minor errors to significant systems failure, which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the Corporation, including those related to the efforts of its customers, suppliers, or other third parties to be year 2000 compliant, will be fully resolved on a timely basis.

The Corporation has taken steps to seek confirmation of readiness related to these third parties. Such efforts will be an ongoing process as the year 2000 approaches.

11. COMPARATIVE FIGURES

The March 31, 1998 comparative figures have been reclassified where necessary, to conform to the current year's presentation.

Office of the
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of Ontario



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Auditor's Report

To the Ontario Realty Corporation,
Chair of the Management Board of Cabinet,
and to the Minister of Finance

I have audited the balance sheet of the Ontario Realty Corporation as at March 31, 1999 and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'Erik Peters'.

Toronto, Ontario
June 16, 1999

Erik Peters, FCA
Provincial Auditor

ONTARIO REALTY CORPORATION
(A Crown Corporation of the Province of Ontario)

BALANCE SHEET

As at March 31, 1999

(\$ thousands)

ASSETS

Cash	9,960
Capital Assets (Note 3)	650
Future Recoveries from Management Board Secretariat (Note 6)	25,700
	<hr/>
	36,310

LIABILITIES AND RETAINED EARNINGS

LIABILITIES

Accounts payable and accrued liabilities	9,665
Provision for Severance Costs (Note 6)	25,700
	<hr/>
	35,365

RETAINED EARNINGS

945

36,310

See Notes to Financial Statements

On behalf of the Board:


Director


Director

ONTARIO REALTY CORPORATION
(A Crown Corporation of the Province of Ontario)

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

Year Ended March 31, 1999	(\$ thousands)
REVENUES	
Management fees	16,678
Expense reimbursement (in lieu of fees)	27,536
Direct recoverable costs	19,927
Bank interest	574
	64,715
EXPENDITURES	
Salaries and benefits	43,621
Direct operating expenditures	12,880
Administrative expenses (Note 2)	6,944
Depreciation	325
	63,770
NET OPERATING SURPLUS BEFORE SEVERANCE COSTS	945
Future Recoveries from Management Board Secretariat (Note 6)	25,700
Provision for Severance Costs (Note 6)	(25,700)
NET OPERATING SURPLUS	945
RETAINED EARNINGS, BEGINNING OF YEAR	0
RETAINED EARNINGS, END OF YEAR	945

See Notes to Financial Statements

ONTARIO REALTY CORPORATION
(A Crown Corporation of the Province of Ontario)

NOTES TO FINANCIAL STATEMENTS

March 31, 1999 (Amounts in \$000's)

NATURE OF THE CORPORATION

The Ontario Realty Corporation (the Corporation) was incorporated under the *Capital Investment Plan Act 1993* as a Crown Corporation of the Province of Ontario (the Province).

On March 3, 1998, Management Board of Cabinet approved the new governance structure of ORC, which included the following:

- Ownership of all properties by the Corporation reverted to the Management Board Secretariat on March 31, 1998; and on return of the assets, the net book value to the Corporation reverted to nil, the associated debt was forgiven, and equity contributions from the Province was reduced by the difference.
- The Corporation retained full authority for managing the realty assets which are under the control of the Minister/Chair of Management Board of Cabinet, including: strategic planning and advice, facility and asset management, space utilization, acquisitions, capital projects and disposal of surplus assets, as approved in the annual corporate plan.
- The Corporation is to become fully self-sustaining, through the charging of appropriate management fees for services based on market rates and industry standards and practices; such fees to be negotiated and approved annually as part of the Corporation's corporate plan.

ORC, on behalf of Management Board Secretariat (MBS), manages space accommodating Ministries' programs across the province. Under the province's Charging For Accommodation program, it manages 49.2 million rentable square feet, 40.9 million owned by MBS, and 8.3 million leased from the private sector at locations across the province. In addition to managing MBS's assets, the Corporation provides project management, real estate and property management services to other ministries and agencies of the Ontario government that directly own assets or require the Corporation's services.

As a Crown Corporation and service organization of the Ontario Government the Corporation is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions relating to revenues, and expenses which affect the reported amounts of assets, liabilities and related disclosures as of the date of the financial statements. Actual amounts could differ from these estimates.

(b) Capital Assets

Capital assets in excess of one thousand dollars with a future useful life beyond the current year are capitalized and are amortized on a straight line basis according to their estimated useful lives as follows:

Asset	Rate
Personal computer equipment	3 years
Server software/operating systems	3 years

2. RELATED PARTY TRANSACTIONS

In addition to the cash reflected on the balance sheet, the Corporation maintains two other bank accounts, an operating account and capital reserve account. Funds in these accounts are held "in trust" on behalf of MBS and relate directly to the operation of MBS owned and leased properties or services provided to other ministries or agencies of the Ontario government. As of March 31, 1999 the cash balances of the operating and capital reserve accounts were \$24,344 and \$27,556 respectively.

The Accounts Payable includes \$6,000 payable to MBS.

Administrative expenses include: accounting, human resources, audit, information and data processing, legal and communication services purchased from MBS.

The Corporation is economically dependant on the Province as all of the revenues are received from the Province for the provision of services are under the control of the Minister/Chair of Management Board of Cabinet.

3. CAPITAL ASSETS

Capital assets consists of the following:

	March 31, 1999		
	Cost	Accumulated Depreciation	Net Book Value
Server software / operating system	727	242	485
Personal Computer Equipment	248	83	165
	975	325	650

Certain capital assets are not reflected in the financial statements as they are provided at no charge to the Corporation by MBS.

4. LEASE COMMITMENTS

The Corporation has entered into a number of operating leases both for private sector and government owned office space to conduct its business. Future lease payments are as follow:

For the year ending March 31	
2000	\$2,528
2001	\$1,573
2002	\$1,604
2003	\$1,636
2004	\$553
Thereafter	\$2,934
Total:	\$10,828

5. CONTINGENCIES

The Corporation is acting as an agent of the Ontario Government. As such, the Corporation is entitled to be indemnified against all liabilities properly incurred in the course of exercising its actual authority on behalf of the the Ontario Government.

6. SEVERANCE COSTS

During fiscal 1999, the Corporation approved a new organizational structure. When completed, it is estimated the Corporation will incur \$25,700 in staff severance costs associated with its reorganization and the contracting out of its facilities and land management services. All associated severance costs will be funded directly by MBS.

7. YEAR 2000

The Year 2000 issue arises from the fact that many computer systems express years by using two digits rather than four, with the assumption that the first two digits are always "19". Such systems, if not modified or replaced, could misinterpret the year before and after January 1, 2000 (i.e. read "00" as the year 1900 rather than the Year 2000). The results could range from miscalculations to system failure which could affect the corporations ability to conduct normal business activities.

The Corporation is reviewing its corporate systems in order to assess these potential risks however, due to the general uncertainty inherent in the Year 2000 issue, resulting in part from the uncertainty of the Year 2000 readiness of other parties, the Corporation is unable to determine at this time whether the Year 2000 issue will have a material and adverse impact on the Corporation's results of operations, liquidity and financial condition.

8. PENSION PLAN

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Pension Fund (OPSEU Pension fund) established by the Province.

The Corporation's required contributions related to the pension plans for the year ended March 31, 1999 were \$2,190 and are included in the salaries and benefits in the Statement of Operations and Retained Earnings.

9. COMPARATIVE FIGURES

Comparative figures are not provided, because of the significant changes in the Corporation's operations and therefore inclusion of the fiscal 1998 comparisons would not provide any additional useful information.

10. STATEMENT OF CASH FLOWS

A statement of cash flows was not prepared as the information which it would contain is readily available from these financial statements.

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Auditor's Report

To the Ontario Securities Commission

I have audited the balance sheet of the Ontario Securities Commission as at March 31, 1999 and the statements of operations and operating surplus and of cash flows for the year ended March 31, 1999. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "Erik Peters".

Erik Peters, FCA
Provincial Auditor

Toronto, Ontario
May 28, 1999

ONTARIO SECURITIES COMMISSION


Balance Sheet

As at March 31, 1999

	1999	1998
ASSETS		
CURRENT		
Cash (Note 3)	\$13,361,963	\$ 6,016,187
Accounts receivable	758,448	59,983
Current portion of designated settlement receivable (Note 4)	550,000	-
Prepaid expenses	121,012	135,896
	14,791,423	6,212,066
DESIGNATED SETTLEMENT RECEIVABLE (Note 4)	550,000	-
CAPITAL ASSETS (Note 6)	3,002,827	345,108
	\$18,344,250	\$ 6,557,174
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 6,517,820	\$ 6,414,182
Due to Province of Ontario (Note 1)	1,858,061	-
Current portion of obligation under capital leases (Note 7(b))	453,759	-
	8,829,640	6,414,182
OBLIGATION UNDER CAPITAL LEASES (Note 7(b))	271,618	-
	9,101,258	6,414,182
DESIGNATED SETTLEMENT (Note 4)	1,100,000	-
SURPLUS		
OPERATING		
General	544,748	44,748
Reserve (Note 3)	7,500,000	-
	8,044,748	44,748
CONTRIBUTED (Note 8(a))	98,244	98,244
	8,142,992	142,992
	\$18,344,250	\$ 6,557,174

See accompanying notes to Financial Statements.

ON BEHALF OF THE COMMISSION


David A. Brown
Chair


Kerry D. Adams, CA
Commissioner

ONTARIO SECURITIES COMMISSION
Statement of Operations and Operating Surplus
For the Year Ended March 31, 1999

	Year Ended March 31, 1999	Five Months Ended March 31, 1998
REVENUE		
Fees		
Prospectus filings	\$ 41,275,685	\$ 15,850,942
Registration	24,403,354	6,338,231
Disclosure filings	7,860,050	2,778,640
Applications for exemptive relief	1,101,133	629,031
Secondary market	286,298	973,981
Recoveries	505,000	29,750
Miscellaneous	71,987	19,357
	<u>75,503,507</u>	<u>26,619,932</u>
EXPENDITURES (Note 8(c))		
Salaries and benefits (Note 9)	18,802,819	6,130,509
Professional services (Note 10)	5,844,422	2,390,099
Occupancy	2,704,469	1,075,809
Administrative	2,397,816	711,454
Travel	556,081	123,960
Amortization	149,813	-
	<u>30,455,420</u>	<u>10,431,831</u>
EXCESS OF REVENUE OVER EXPENDITURES	45,048,087	16,188,101
OPERATING SURPLUS, BEGINNING OF PERIOD	44,748	-
LESS: Distributions to Province of Ontario	37,048,087	16,143,353
OPERATING SURPLUS, END OF PERIOD	<u>\$ 8,044,748</u>	<u>\$ 44,748</u>
Represented by:		
General	\$ 544,748	\$ 44,748
Reserve	7,500,000	-
	<u>\$ 8,044,748</u>	<u>\$ 44,748</u>

See accompanying notes to Financial Statements.

ONTARIO SECURITIES COMMISSION**Statement of Cash Flows**

For the Year Ended March 31, 1999

	Year Ended March 31, 1999	Five Months Ended March 31, 1998
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash flows from operating activities		
Excess of revenue over expenditures	\$ 45,048,087	\$ 16,188,101
Adjustments for amortization	149,813	-
	45,197,900	16,188,101
Changes in non-cash working capital		
Accounts receivable	(698,465)	(59,983)
Prepaid expenses	14,884	(135,896)
Due to Province of Ontario	1,858,061	-
Obligation under capital leases	725,377	-
Accounts payable and accrued liabilities	103,638	6,414,182
	2,003,495	6,218,303
	47,201,395	22,406,404
Cash flows from financing activities		
Distributions to Province of Ontario	(37,048,087)	(16,143,353)
Contributions from Province of Ontario	-	98,244
	(37,048,087)	(16,045,109)
Cash flows from investing activities		
Purchase of capital assets	(2,807,532)	(345,108)
	(2,807,532)	(345,108)
NET INCREASE IN CASH POSITION	7,345,776	6,016,187
CASH POSITION, BEGINNING OF PERIOD	6,016,187	-
CASH POSITION, END OF PERIOD	\$ 13,361,963	\$ 6,016,187

See accompanying notes to Financial Statements.

ONTARIO SECURITIES COMMISSION

Notes to the Financial Statements

March 31, 1999

1. NATURE OF THE CORPORATION

Effective November 1, 1997, amendments to the *Securities Act* continued the Ontario Securities Commission (the "Commission") as a corporation without share capital. The Commission functions as an independent regulatory agency and administrative tribunal responsible for overseeing the securities industry in Ontario. As a Crown corporation, the Commission is exempt from income taxes.

In accordance with the provisions of the *Securities Act*, the Minister of Finance may require the Commission to remit to the Province of Ontario funds which are surplus to its operating requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets, beginning in the fiscal year following acquisition, as follows:

Office furniture and equipment	5 to 10 years
Computer hardware and related applications	2 years
Computer equipment under capital leases	2 years

b) Revenue

Fees are recognized when earned which is normally upon receipt. The amount of revenue to be realized from prospectus filing fees is uncertain. Fees are paid based on estimated sales and refunds are issued, as required, based on actual sales in Ontario. As a result, revenue from prospectus filings is recognized net of a provision for expected refunds. At the beginning of each fiscal year the Commission establishes a percentage for the provision for expected refunds based on the experience of the previous three years. The provision is adjusted at year end. Continuous disclosure filing fees are recognized upon receipt of filing.

Recovery of costs of investigations is recognized as revenue upon date of decision unless management determines there is no reasonable assurance as to ultimate collection. When there is no reasonable assurance as to ultimate collection, revenue is recognized when cash is received.

ONTARIO SECURITIES COMMISSION

Notes to the Financial Statements

March 31, 1999

c) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the period. Actual amounts could differ from these estimates.

3. RESERVE

As part of the approval of its self-funded status, the Commission was allowed to establish a \$10.0 million reserve to be used as an operating contingency against revenue shortfalls or unanticipated expenditures. In April, 1999, the Commission obtained approval to increase the reserve to \$20.0 million over a three year period. During 1998/1999, \$7.5 million was retained. These funds are currently held in cash and will be invested early in 1999/2000. A further \$7.5 million will be retained in 1999/2000 and \$5.0 million in 2000/2001. The prime investment consideration for the reserve is the protection of principal and the selection of maturities appropriate to meet anticipated cash flow needs.

4. DESIGNATED SETTLEMENT

According to the terms of a settlement agreement reached on March 18, 1999, \$1.1 million is receivable by the Commission, in trust, to be allocated to such third parties as the Commission may determine, to be used for purposes that will benefit investors in Ontario. The receivable is due in four equal instalments, on: September 29, 1999, March 29, 2000, September 29, 2000 and March 29, 2001. Recognition of the designated settlement as revenue has been deferred until related expenditures are incurred.

	<u>1999</u>
Designated settlement receivable	\$ 1,100,000
Less: Current portion	<u>550,000</u>
	<u>\$ 550,000</u>

ONTARIO SECURITIES COMMISSION

Notes to the Financial Statements

March 31, 1999

5. COMMITMENTS AND CONTINGENCIES

- a) The Commission has guaranteed 61% of a total \$12 million line of credit from a Canadian bank for the Mutual Fund Dealers Association of Canada (MFDA). The guarantee was signed March 19, 1999 and can be terminated by the Commission at any time. The Alberta Securities Commission and the British Columbia Securities Commission have also guaranteed a specified percentage of the total indebtedness. The MFDA has signed an agreement which requires it to use the funds only in accordance with the budget and business plan as approved by each of the Commissions, and also commits the MFDA to repay its loan by the end of the seventh year. As at March 31, 1999, the MFDA has drawn \$640,000 on this line of credit. Interest is charged at prime plus 0.50% per annum.
- b) The Commission is involved in various legal actions arising out of the ordinary course and conduct of business. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

6. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>1999 Net Book Value</u>	<u>1998 Net Book Value</u>
Office furniture	\$ 119,690	\$ 13,696	\$ 105,994	\$ 68,480
Office equipment	68,599	549	68,050	5,492
Computer hardware and related hardware	2,132,626	135,568	1,997,058	271,136
Computer equipment under capital leases	831,725	-	831,725	-
	<u>\$ 3,152,640</u>	<u>\$ 149,813</u>	<u>\$ 3,002,827</u>	<u>\$ 345,108</u>

7. LEASE OBLIGATIONS

a) Operating

The Commission is committed to annual operating lease payments for office space of \$2,016,060. The lease term expires on August 31, 2005. The Commission has negotiated to lease additional space to accommodate its staffing growth. This will increase the annual lease payments by \$466,138.

ONTARIO SECURITIES COMMISSION

Notes to the Financial Statements

March 31, 1999

b) Capital

On termination of the service delivery agreement with the Ministry of Finance (Note 8(c)), lease obligations for computer equipment that were entered into by the Ministry, were transferred to the Commission and recorded at the present value of the minimum lease payments as at November 1, 1998. The present value of the lease payments for any new lease subsequently entered into by the Commission has been added to this value. All capital leases expire on or before December 31, 2001. As at March 31, 1999, total obligation under capital leases amounted to \$725,377 of which \$453,759 is due within one year. Interest owing on capital leases amounts to \$54,898.

8. TRANSACTIONS WITH PROVINCE OF ONTARIO

In the course of normal operations, the Commission entered into transactions with the Province of Ontario as follows:

- a) On November 1, 1997, the Province of Ontario transferred prepaid expenses amounting to \$28,053 and accounts receivable balances of \$70,191 representing a total contribution of \$98,244 to the Commission's surplus.
- b) The Commission has entered into a tri-party agreement with the Ontario Financing Authority to facilitate banking arrangements with a Schedule 1 Bank.
- c) On November 1, 1997, the Commission entered into a service delivery agreement with the Ministry of Finance for the provision of regulatory and related support services to the Commission, at cost. The service delivery agreement ended October 31, 1998. The following expenditures were incurred by the Ministry of Finance on behalf of the Commission and are included in the Commission's expenditures. Comparative figures for the five month period ended March 31, 1998 are provided:

	For the Period April 1, 1998 to October 31, 1998	For the Period November 1, 1997 to March 31, 1998
Salaries and benefits	\$ 9,246,847	\$ 5,991,710
Professional services	2,581,749	2,236,727
Occupancy	1,788,980	1,075,809
Administrative	873,109	650,854
Travel	219,283	77,207
	<u>\$14,709,968</u>	<u>\$10,032,307</u>

ONTARIO SECURITIES COMMISSION

Notes to the Financial Statements

March 31, 1999

9. PENSION PLANS

Effective November 1, 1998, the Commission began to provide pension benefits to its full-time employees through participation in the Public Service Pension Plan (PSPP) established by the Province of Ontario. The Commission's contribution to the pension plan for the year ended March 31, 1999 was \$372,071 (1998 - nil) and is included in salaries and benefits.

The Commission also maintains supplementary unfunded pension plans for certain full-time members of the Commission. The benefits earned to date by these members do not represent a material obligation to the Commission.

10. TRANSACTIONS WITH THE CANADIAN G-30

In September 1998, the Commission entered into a cost sharing arrangement with the Canadian G-30 Committee (a group which represents various securities industry participants). The Commission agreed to assume the leadership role on a Year 2000 related project. The goal of the project was to develop and implement industry-wide testing for Year 2000 preparedness. The Canadian G-30 agreed to provide funding up to \$1,492,752 to the Commission. As at March 31, 1999 the Commission had spent \$1,539,797 on this project of which \$1,112,296 was funded by the Canadian G-30. The net expenditure of \$427,501 is included in professional services.

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before or after January 1, 2000.

If the Year 2000 issue is not addressed by the Commission's major customers, suppliers and other third party business associates, the impact on the Commission's operations and financial reporting may range from minor errors to significant systems failure which could affect the Commission's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

12. COMPARATIVE FIGURES

The comparative figures are presented for the five month period from November 1, 1997 to March 31, 1998. Certain of the comparative figures have been reclassified to conform to current presentation.

ONTARIO SECURITIES COMMISSION
Public Sector Salary Disclosure

<u>Name</u>	<u>Position</u>	<u>1998</u> <u>Salary Paid</u>	<u>1998</u> <u>Taxable Benefits</u>
Bourque, Paul	Director, Market Operations	163,607	49
Brown, David	Chair and Chief Executive Officer	316,098	5,247
Carscallen, Morley	Vice Chair	165,818	-
Day, Robert	Manager, Business Planning	106,602	30
Geller, John A.	Vice Chair	186,445	671
Macfarlane, Charles	Executive Director and Chief Operating Officer	120,013	97
Spencer, Mary	Director, Corporate Services	153,373	5,750

Prepared under the *Public Salary Disclosure Act*, 1996

June 3, 1999

Auditors' Report

**To the Members of the
Toronto Area Transit Operating Authority,
The Minister of Transportation and The Provincial Auditor**

We have audited the balance sheet of **Toronto Area Transit Operating Authority** as at March 31, 1999 and the statements of equity, operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto Area Transit Operating Authority

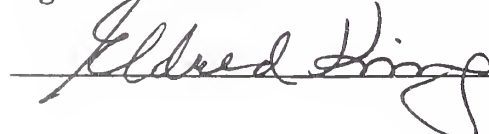
Balance Sheet

As at March 31, 1999

(in thousands of dollars)

	1999 \$	1998 \$
Assets		
Current assets		
Cash and cash equivalents	201,060	40,352
Accounts receivable	1,406	1,756
Deposit with Canadian National Railway Company	7,021	7,021
Due from the City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton-Wentworth (note 1)	—	818
Due from the Province of Ontario – interest on long-term debt	8,805	8,907
Spare parts and supplies	1,350	1,370
Prepaid expenses	1,069	1,004
	<u>220,711</u>	<u>61,228</u>
Capital assets (note 3)	601,285	622,900
Locomotives and other railway rolling stock, pledged as collateral – net of amortization of \$201,953 (1998 – \$179,827) (note 4)	<u>277,996</u>	<u>292,979</u>
	879,281	915,879
	<u>1,099,992</u>	<u>977,107</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	49,250	49,260
Due to the Minister of Transportation, Province of Ontario (note 12)	38,847	—
Due to the Greater Toronto Transit Authority (note 13)	106,514	—
Unearned revenue in respect of tickets sold and not used	3,272	3,061
Current portion of long-term debt (note 4)	504	—
Interest on long-term debt	8,805	8,907
Advanced funding (note 12)	10,166	—
	<u>217,358</u>	<u>61,228</u>
Long-term debt (note 4)	442,091	437,990
Contingencies (notes 1 and 10)		
Equity		
Province of Ontario	436,686	477,889
Funding surplus (note 12)	3,857	—
	<u>1,099,992</u>	<u>977,107</u>

Signed on behalf of the Members

 Director

 Director

Toronto Area Transit Operating Authority

Statement of Equity

For the year ended March 31, 1999

(in thousands of dollars)

	1999 \$	1998 \$
Capital asset equity – Beginning of year	484,349	515,208
Capital contributions from the Province of Ontario	–	37,714
Capital contributions from the City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton- Wentworth	36,325	7,398
Less		
Amortization of capital assets	(69,067)	(66,154)
Book value of assets disposed	(3,856)	(9,817)
Capital asset equity – End of year	447,751	484,349
Equity contribution from the Province of Ontario for long-term debt	(8,707)	(6,680)
Cumulative amortization of foreign exchange gains (losses) on long-term debt	(2,358)	220
Equity – End of year	436,686	477,889

Toronto Area Transit Operating Authority

Statement of Operations

For the year ended March 31, 1999

(in thousands of dollars)

	1999 \$	1998 \$
Revenue		
Passenger service	120,719	110,183
Sundry revenue (note 6)	7,423	6,837
Gain (loss) on sale of capital assets	7,598	(2,435)
	<u>135,740</u>	<u>114,585</u>
Expenses		
Labour and administration (note 8)	51,099	55,675
Services	8,031	6,342
Supplies	833	653
Facility maintenance	23,429	24,242
Equipment maintenance	27,374	30,230
Operations	52,181	63,318
	<u>162,947</u>	<u>180,460</u>
Loss from operations before the undernoted	27,207	65,875
Amortization of capital assets	69,067	66,154
Amortization of deferred foreign exchange loss on long-term debt	2,578	51
Interest on long-term debt	35,995	35,850
	<u>134,847</u>	<u>167,930</u>
Loss before subsidies	134,847	167,930
Subsidies		
Province of Ontario		
Operating	—	47,936
Interest on long-term debt	31,390	33,437
The City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton-Wentworth		
Operating	80,077	17,939
Return of Operating Subsidy to the Minister of Transportation, Province of Ontario (note 12)	(38,847)	—
	<u>62,227</u>	<u>68,618</u>
Loss for the year	62,227	68,618

Toronto Area Transit Operating Authority

Statement of Changes in Financial Position

For the year ended March 31, 1999

(in thousands of dollars)

	1999 \$	1998 \$
Cash provided by (used in)		
Operating activities		
Loss for the year	(62,227)	(68,618)
Non-cash items		
Amortization of capital assets	69,067	66,154
Amortization of deferred foreign exchange loss	2,578	51
(Gain) loss on sale of capital assets	(7,598)	2,435
	1,820	22
Net change in non-cash working capital items	30,005	26,489
	31,825	26,511
Investment activities		
Capital assets additions	(36,325)	(45,112)
Proceeds on capital assets disposals	11,454	7,382
	(24,871)	(37,730)
Financing activities		
Increase in long-term debt	4,605	2,413
Capital asset disposition	(3,856)	(9,817)
Province of Ontario		
Funds received – on behalf of the Greater Toronto Transit Authority	106,514	–
Capital contributions	–	37,714
The City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton-Wentworth		
Capital contributions	36,325	7,398
Advanced funding	10,166	–
	153,754	37,708
Net increase in cash and cash equivalents	160,708	26,489
Cash and cash equivalents – Beginning of year	40,352	13,863
Cash and cash equivalents – End of year	201,060	40,352

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

1 Funding and proposed Greater Toronto Services Board (GTSB)

Prior to January 1, 1998, the Authority, which operates under the Toronto Area Transit Operating Authority Act (TATOA Act) received subsidies from the Province of Ontario (the Province) for operating and capital funding purposes. Effective January 1, 1998 Schedule E of the Services Improvement Act amended the TATOA Act by transferring the responsibility for the Authority's operating and capital funding to the City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton-Wentworth. Funding is now provided on a calendar year basis. In addition, pursuant to a memorandum of understanding dated December 1993 and affirmed by the Deputy Minister of Transportation in a letter dated July 9, 1997, the Province will provide funds to the Authority in a timely manner and in the amounts necessary to enable the Authority to satisfy the long-term debt obligations (1999 – \$480,064) and interest (1999 – \$35,995) when payments fall due (note 4).

On December 18, 1998, the Province gave Royal Assent to Bill 56, an Act to establish the Greater Toronto Services Board and the Greater Toronto Transit Authority (GTTA) and to amend the TATOA Act. Substantially all of the business and assets of the Authority will be transferred to GTTA for nominal consideration with the exception of the locomotives and other railway rolling stock pledged as collateral which is subject to the Conditional Sale Agreement (long-term debt obligation) and the long-term debt described in note 4. GTTA will enter into a lease agreement for these assets and manage the transit business.

The transfer of the transit business to the GTTA is proposed for August 7, 1999.

GTTA is to be funded by a newly formed Greater Toronto Services Board (GTSB). The GTSB will be funded by the City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and, for GTTA purposes only, Hamilton-Wentworth. The effect, if any, on these financial statements of these arrangements cannot be determined at this time.

2 Summary of significant accounting policies

These financial statements are prepared by management in accordance with generally accepted accounting principles. The significant accounting policies are as follows:

a) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost and replacement cost.

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

b) Capital assets

Capital assets are recorded at cost.

The Authority provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Building and equipment	
Shelters and ticket booths	5 years
Other buildings	20 years
Locomotives	20 years
Other railway rolling stock	25 years
Buses	12 years
Parking lots	20 years
Sundry	
Furniture and fixtures	12 years
Other	3 – 5 years
Improvements to railway right-of-way and railway plant	20 years
Trackwork and installation	20 years
Leasehold improvements	20 years

Viability studies for future expansion represent costs deferred on a project-by-project basis until the viability of the respective project is determined. When the project is finalized, the costs are amortized based on a specific asset category. If a project is abandoned or the costs are considered to be unrecoverable, the deferred costs are charged to operations in the year the determination is made.

c) Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the balance sheet as current liabilities.

d) Subsidies

Operating subsidies paid by the Province of Ontario, the City of Toronto and the Regional Municipalities of Durham, Halton, Peel, York and Hamilton-Wentworth are treated as reductions of operating losses. Gains and losses from the disposition of capital assets are included in operations. Capital contributions are included in equity and reduced by the amortization of capital assets over the useful lives of the related assets. The providers of the subsidies have authorized the use of capital contributions for certain types of operating expenses.

e) Foreign currency translation

Long-term monetary liabilities are translated to Canadian dollars at rates of exchange in effect at the end of the year. Unrealized exchange gains or losses arising on translation are deferred and amortized over the remaining terms of the liabilities.

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include funding, the recovery of capital assets, unearned revenue, amortization of capital assets and contingencies. Actual results could differ from those estimates.

g) Financial instruments

The carrying amounts for cash and cash equivalents, accounts receivable, deposits and other receivables, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments. Due to the nature of long-term debt, it is not practicable to establish a fair value due to the unique nature of this transaction. The principal characteristics of this transaction are set forth in note 4.

Fair value estimates are made at the balance sheet date, which are based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

h) Reclassification

Certain amounts of prior year financial statements have been reclassified to conform to current year's presentation.

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

3 Capital Assets

	1999		
	Cost \$	Accumulated amortization \$	Net \$
Land	108,778	—	108,778
Buildings	226,481	87,918	138,563
Leasehold improvements	22,660	7,808	14,852
Locomotives and other railway rolling stock	84,076	41,883	42,193
Improvements to railway right-of-way and railway plant	393,757	208,313	185,444
Trackwork and installation	57,630	29,575	28,055
Construction in progress	10,491	—	10,491
Buses	56,603	35,958	20,645
Parking lots	69,231	24,594	44,637
Sundry	54,435	46,808	7,627
	<u>1,084,142</u>	<u>482,857</u>	<u>601,285</u>

	1998		
	Cost \$	Accumulated amortization \$	Net \$
Land	109,870	—	109,870
Buildings	222,725	77,802	144,923
Leasehold improvements	22,371	6,726	15,645
Locomotives and other railway rolling stock	91,574	49,329	42,245
Improvements to railway right-of-way and railway plant	382,855	189,016	193,839
Trackwork and installation	50,713	20,280	30,433
Construction in progress	15,034	—	15,034
Buses	50,789	32,192	18,597
Parking lots	65,326	21,650	43,676
Sundry	54,713	46,075	8,638
	<u>1,065,970</u>	<u>443,070</u>	<u>622,900</u>

The Authority capitalizes engineering payroll costs where time has been spent on particular capital projects. The amount capitalized for year ended March 31, 1999 was \$1,040 (1998 - \$924).

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

4 Long-term debt

At the request of the Ontario Minister of Finance, the Authority entered into a financing transaction on March 31, 1994. Under the terms of the transaction, forty-two of the locomotives and two hundred and forty-three bi-level cars were sold for \$431,530 (US\$311,867) and immediately repurchased from the same counterparty at the same price under conditional sales contracts maturing on July 1, 2006. The proceeds from the sales were returned to the Province of Ontario net of transaction costs of \$4,271. The transaction has been accounted for as a collateralized financing. The debt is collateralized by the locomotives and bi-level cars. The Authority retains the right to use the locomotives and bi-level cars and is liable for maintenance and all other associated obligations. The Authority cannot lease or sell the locomotives and bi-level cars without the prior written consent of the counterparty to the debt obligation. In addition, the Authority is liable for any costs which reduce the other parties' return on the financing.

Under the agreement the Authority agreed to repay the obligation and interest thereon over twelve years. The loan balances will also increase in certain periods.

Contract number	Maximum loan US\$	Average interest rate %	Balance at March 31, 1999 US\$	Balance at March 31, 1998 US\$	Collateral
1	14,487	7.27536	14,445	14,435	Bi-level cabs and coaches
2	108,926	7.26143	108,926	108,482	Bi-level cabs and coaches
3	23,794	7.38419	23,473	23,639	Locomotives
4	70,319	7.28488	70,144	69,762	Bi-level cabs and coaches
5	60,702	7.36798	59,178	58,789	Bi-level coaches
6	41,926	7.39563	41,926	41,587	Locomotives
	<u>320,154</u>		<u>318,092</u>	<u>316,694</u>	
Translated to Canadian dollars at			<u>1.5092</u>	<u>1.4166</u>	
	CAN\$		480,064	448,629	
Deferred foreign exchange loss net of accumulated amortization of \$2,358 (1998 gain – \$220)			<u>(37,469)</u>	<u>(10,639)</u>	
			442,595	437,990	
Less: Current portion			<u>504</u>	<u>—</u>	
			<u>442,091</u>	<u>437,990</u>	

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

The annual repayments in US dollars the Authority is required to make are as follows:

	Principal repay US\$	Interest US\$	Total US\$
1999 – 2000	334	23,271	23,605
2000 – 2001	831	23,248	24,079
2001 – 2002	1,492	23,192	24,684
2002 – 2003	2,334	23,071	25,405
2003 – 2004	2,753	22,889	25,642
2004 – 2005	8,069	22,597	30,666
2005 – 2006	8,911	22,073	30,984
2006 – 2007 Balloon Payment	293,368	10,727	304,095
	<u>318,092</u>	<u>171,068</u>	<u>489,160</u>

Pursuant to a memorandum of understanding dated December 1993, and affirmed by the Deputy Minister of Transportation in a letter dated July 9, 1997, between the Province and the Authority, the Province will provide funds to the Authority in a timely manner and in the amounts necessary to enable the Authority to satisfy the above debt obligation and interest when payments fall due.

5 Operating and maintenance agreements

A significant amount of the services provided by the Authority are operated and maintained by outside parties using rolling stock owned by the Authority. These services are governed by the agreements with The Canadian National Railway Company, St. Lawrence and Hudson Railway Company Limited and Bombardier Inc.

6 Sundry revenue

	1999 \$	1998 \$
Interest income	3,141	994
Rentals – rolling stock	88	1,286
Rentals – space	2,457	2,316
Advertising revenue	530	452
Commissions – ticket sales	492	470
Distribution from Transportation and Railroad Assurance Company	210	695
Other	505	624
	<u>7,423</u>	<u>6,837</u>

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

7 Commitments

Leases

Minimum lease payments in each of the next five years and thereafter are as follows:

	\$
1999 – 2000	3,439
2000 – 2001	2,645
2001 – 2002	2,454
2002 – 2003	2,329
2003 – 2004	2,299
Thereafter	<u>23,771</u>
	<u>36,937</u>

The Authority has also committed to approximately \$33,231 for various capital asset additions over the next fiscal year.

8 Pensions

The Authority provides pension benefits for substantially all of its permanent employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario. The Authority has expensed \$2,341 for pension for the year ended March 31, 1999 (1998 – \$3,670).

9 Remuneration

Total remuneration of Members of the Board was forty thousand dollars during the fiscal year (1998 – twenty-three thousand dollars).

Provincial legislation requires disclosure of Ontario Public Sector employees, paid an annual salary and benefits in excess of one hundred thousand dollars in calendar year 1998. The individuals are listed as follows:

	\$
Ducharme, Richard	125
Managing Director	

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

10 Contingencies

- a) A claim has been made against the Authority by a contractor in connection with work performed. Management has reviewed this claim and believes it cannot be fully substantiated and that the disposition of this matter will not materially exceed the amount provided for in the financial statements.
- b) There has been an ongoing dispute between the City of Toronto (the City) and the Toronto Terminals Railway Company Limited (the TTR) relating to the rent for lands under Union Station dating back to 1968. The Authority pays a pro rata share of approximately 38% of the rent. The rent is determined every 21 years. In 1996, an arbitration panel issued a decision respecting the rent to be paid from 1968 to 1989. An appeal to Divisional court was dismissed but the City has filed an application for leave to appeal with the Court of Appeal of Ontario. In addition, the City and the TTR must still negotiate the rent for the period from 1989 to 2010. The outcome of this matter cannot be determined at this time. However, management believes that the disposition of this matter will not materially exceed the amount provided for in the financial statements.
- c) The Authority has purchased insurance to cover claims in excess of \$5,000 on any one rail accident. The incident at Union Station on November 19, 1997 is the subject of various claims including two potential class proceedings. The outcome of these claims cannot be determined at this time. However, management believes that the disposition of these matters will not materially exceed the amount provided for in the financial statements. Effective June 1998, the Authority's insurance coverage was revised to cover claims in excess of \$1,000.
- d) The Authority has also been named in two claims for personal injury relating to GO service in the amount of \$18,800. The amount of the loss, if any, cannot be determined at this time.

11 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an Authority's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Authority, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

Toronto Area Transit Operating Authority

Notes to Financial Statements

March 31, 1999

(in thousands of dollars)

12 Funding surplus

The surplus comprises the excess of the net operating subsidies over the loss from operations before amortization of capital assets, interest on long-term debt and amortization of deferred foreign exchange gain (loss). The surplus for the year ended December 31, 1998 was \$42,704. On May 14, 1999, the Members of the Board approved a resolution to return \$38,847 to the Minister of Transportation in order to accommodate the requirements of the Services Improvement Act. The Members of the Board have approved prior resolutions to purchase land from the balance of the surplus funding for the year ended December 31, 1998.

The ultimate disposition of the funding surplus is determined under the terms of the Services Improvement Act, which amended the Toronto Area Transit Operating Authority Act.

Funding is provided on a monthly basis, based on an annual budget. Funds received prior to actual capital and operating spending (1999 – \$10,166) is treated as an advance, until the determination of a surplus or deficit which is done on a calendar year basis.

13 Province of Ontario funding for GTTA (see note 1)

On March 31, 1999, the Authority received \$106,500 from the Province of Ontario via the GTSB to assist with future capital investments. The funds are from the Municipal Capital and Operating Restructuring Fund (MCORF) and will be transferred to the GTTA with the related interest earned and will be utilized as determined by the GTSB.

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
de l'Ontario

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(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Northern Ontario Heritage Fund Corporation
and to the Minister of Northern Development and Mines

I have audited the balance sheet of the Northern Ontario Heritage Fund Corporation as at March 31, 1999 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, reading 'K W Leishman'.

K.W. Leishman, CA
Assistant Provincial Auditor

Toronto, Ontario
June 4, 1999

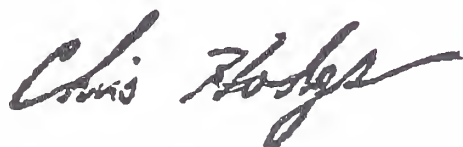
NORTHERN ONTARIO HERITAGE FUND CORPORATION

Balance Sheet
As at March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Assets		
Cash and short-term deposits (Note 4)		
Northern Ontario Heritage Fund Program	205,791	188,415
Elliot Lake and Area Diversification Program	—	30
Elliot Lake Region Economic Development Program	—	200
	<u>205,791</u>	<u>188,645</u>
Accrued interest	5,065	2,979
Loans receivable (Note 5)	<u>19,882</u>	<u>26,768</u>
	<u>230,738</u>	<u>218,392</u>
Liabilities		
Accounts payable and accrued liabilities	—	110
Provision for guarantee losses	<u>142</u>	<u>1,000</u>
	<u>142</u>	<u>1,110</u>
Commitments and contingencies (Note 9)		
Investment by the Province of Ontario		
Net investment by the Province of Ontario (Notes 3, 6)	<u>230,596</u>	<u>217,282</u>
	<u>230,738</u>	<u>218,392</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chairperson



Director

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Operations
For the Year Ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Revenue		
Interest on short-term deposits	10,845	7,456
Interest on loans	<u>1,358</u>	<u>2,290</u>
	<u>12,203</u>	<u>9,746</u>
Expenses		
Grants	13,415	10,541
Forgivable loans	11,106	3,679
Credit and investment losses (net of recoveries - Note 7)	3,721	2,403
Interest subsidy payments	5	106
Administration (Note 8)	<u>911</u>	<u>582</u>
	<u>29,158</u>	<u>17,311</u>
Net cost of operations	<u>16,955</u>	<u>7,565</u>

See accompanying notes to financial statements.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Statement of Cash Flows
For the Year Ended March 31, 1999

	1999 (\$000's)	1998 (\$000's)
Lending, Investing and Financial Assistance Activities		
Loan disbursements	(4,306)	(1,103)
Loan repayments	5,581	5,510
Grants and forgivable loans	(23,087)	(14,220)
Loan guarantees honoured and interest subsidy payments	(5)	(106)
Interest collected from borrowers	755	1,276
Disbursement of Elliot Lake Programs	(89)	(11,403)
	<u>(21,151)</u>	<u>(20,046)</u>
Financing Activities		
Cash contributions from the Province for:		
Lending activities	30,000	30,000
Administration	449	287
	<u>30,449</u>	<u>30,287</u>
Operating Activities		
Interest received on short-term deposits	8,759	7,143
Administration costs	(911)	(582)
	<u>7,848</u>	<u>6,561</u>
Increase in cash and short-term deposits	17,146	16,802
Cash and short-term deposits, beginning of year	<u>188,645</u>	<u>171,843</u>
Cash and short-term deposits, end of year	<u><u>205,791</u></u>	<u><u>188,645</u></u>

See accompanying notes to financial statements.

NORTHERN ONTARIO HERITAGE FUND CORPORATION**Notes to Financial Statements
March 31, 1999**

1. BACKGROUND

The Corporation was established, without share capital, on June 1, 1988 under the *Northern Ontario Heritage Fund Act*. The purpose of the Corporation is to encourage growth and diversification of the economy of Northern Ontario by providing financial assistance by way of grants, loans or guarantee of loans made by other lenders.

As announced in the *1996 Ontario Budget*, the operations of the Corporation were refocused, commencing in fiscal year 1997, to fund infrastructure improvements and economic development opportunities in Northern Ontario by way of conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management. The significant accounting policies used to prepare these statements are summarized below.

(a) Basis of Accounting

The financial statements have been prepared using the accrual method of accounting.

(b) Transactions with the Province

The Province's investment in the Corporation is detailed in note 6. The Province contributes funds to finance the lending and financial assistance activities and reimburses the Corporation for certain administration expenses. The Province's investment is reduced by the net cost of operations.

(c) Loans Receivable

Loans receivable are stated at their estimated net realizable value. Interest-free loans are discounted at the average provincial borrowing rate to determine the present value of the loan. The difference between the face value of the loan and its present value is in substance, a grant, and is recognized as grants expense in the year when the loan is made. The amount of the loan discount is amortized to interest revenue over the term of the loan.

(d) Provision for Credit Losses

Credit losses arise on loans receivable and guarantees issued to other lenders by the Corporation. In addition to specific write-offs and write-downs, a provision for credit losses is maintained in an amount considered adequate to absorb anticipated credit-related losses. The provision for losses on loans consists of provisions on specific loans and a general provision, and is deducted from loans receivable. The general provision for losses on guarantees is included in liabilities. General provisions are established based in part on the historical loss ratios of the Corporation reduced by specific write-offs and write-downs taken.

The amounts written off and written down in the year, net of realized recoveries of amounts written off and written down in prior years, and changes in provisions are charged to credit and investment losses in the Statement of Operations.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Revenue Recognition

Interest income is recognized on the accrual basis.

(f) Forgivable loans

Generally, loans are forgiven on condition that the borrower has met certain requirements after the loan is disbursed. The Corporation expenses forgivable loans disbursed.

(g) Guarantees

Guarantee losses in the Statement of Operations include provisions and are net of recoveries on guarantees previously honoured.

(h) Use of Estimates

Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

3. CHANGE IN ACCOUNTING POLICY

Commencing April 1, 1998, the Corporation changed its method of accounting for interest-free loans receivable from recording them at their face value to their present value as described in note 2(c). This change in accounting policy has been applied retroactively.

The accounting change had the following impact for 1997-98:

	As Previously Reported	Effect of the Change	Restated Amount
	(\$000's)	(\$000's)	(\$000's)
Loans receivable	28,699	(1,931)	26,768
Interest on loans	1,276	1,014	2,290
Net cost of operations	8,579	(1,014)	7,565
Net investment by the Province of Ontario	219,213	(1,931)	217,282

As for 1998-99, the accounting change decreased loans receivable by \$2,984,000, increased interest on loans by \$440,000 and increased the net cost of operations by \$1,053,000.

4. CASH AND SHORT-TERM DEPOSITS

The *Northern Ontario Heritage Fund Act* restricts investments to securities issued or guaranteed by the provinces, Canada, United States and the United Kingdom, bankers' acceptances, deposit notes and other investments as authorized by the Lieutenant Governor in Council.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

March 31, 1999

4. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

The Corporation, through an Investment Management Agreement with the Ontario Financing Authority, invests excess funds in guaranteed securities as restricted by the *Northern Ontario Heritage Fund Act*.

Cash and short-term investments include \$199,123,000 (1998 - 185,849,000) of investments maturing within one year, yielding 5% on average (1998 - 4.7%), with a market value that approximates carrying value.

5. LOANS RECEIVABLE

Since April 1998, the Corporation has engaged a private sector asset management company to manage some of the Corporation's loan and guarantee portfolios.

Generally, loans bear fixed interest rates ranging from 0% to 12.5%. Loans are long-term in nature, with interest free periods of up to five years. Principal repayments can also be deferred for up to five years. All loans are fully repayable within 20 years from the date disbursed.

	1999 (\$000's)	1998 (\$000's)
Current	1,895	2,442
Long-term	25,788	30,164
Provision for credit losses	(4,817)	(3,907)
Loan discount	<u>(2,984)</u>	<u>(1,931)</u>
	<u>19,882</u>	<u>26,768</u>

The changes in the loan discount balances are as follow:

	1999 (\$000's)	1998 (\$000's)
Balance, beginning of year	1,931	2,945
Add: Amount of loan discount charged to grant expense	1,497	—
Less: Amount amortized to loan interest revenue	<u>(444)</u>	<u>(1,014)</u>
Balance, end of year	<u>2,984</u>	<u>1,931</u>

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements
March 31, 1999

6. INVESTMENT BY THE PROVINCE OF ONTARIO

	Northern Ontario Heritage Fund Program	Elliot Lake and Area Diversification Program	Elliot Lake Region Economic Development Program	Total
	(\$000's)			
Contributed capital:				
Balance, April 1, 1998	308,814	15,000	65,000	388,814
Less: Adjustment for prior year's discounted loans (Note 3, 5)	(2,945)	—	—	(2,945)
Contributions to fund				
Lending and financial assistance activities	30,000	—	—	30,000
Administration costs (Note 8)	449	—	—	449
Balance, March 31, 1999	<u>336,318</u>	<u>15,000</u>	<u>65,000</u>	<u>416,318</u>
Accumulated net cost of operations:				
Balance, April 1, 1998	(89,931)	(14,873)	(64,797)	(169,601)
Add: Adjustment for prior year's discounted loans (Note 3)	1,014	—	—	1,014
Transfer of fund balance	—	(127)	(53)	(180)
Net cost of operations for year	<u>(16,805)</u>	<u>—</u>	<u>(150)</u>	<u>(16,955)</u>
Balance, March 31, 1999	<u>(105,722)</u>	<u>(15,000)</u>	<u>(65,000)</u>	<u>(185,722)</u>
Net investment by the Province of Ontario	<u>230,596</u>	<u>—</u>	<u>—</u>	<u>230,596</u>

In December 1996, Management Board of Cabinet directed the Corporation to transfer the Elliot Lake and Area Diversification Program and the Elliot Lake Region Economic Development Program to Elliot Lake and North Shore Corporation for Business Development (ELNOS) subject to meeting all legal and regulatory requirements.

In March 1999, the Corporation transferred the last Elliot Lake projects it had been administering to ELNOS. Amounts from the Elliot Lake and Area Diversification Program not disbursed for the funding of economic diversification initiatives by ELNOS on or before November 30, 1999 will be returned to the Corporation, unless otherwise agreed to.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements

March 31, 1999

7. CREDIT AND INVESTMENT LOSSES

Credit and investment losses shown in the Statement of Operations are net of recoveries as follows:

	Loans (\$000's)	Guarantees (\$000's)
Write-downs/guarantees honoured	2,167	—
Less recoveries	(498)	—
Increase/(Decrease) in general provision	2,910	(858)
Net expenses - 1999	4,579	(858)
Net expenses and recoveries - 1998	2,803	400

8. ADMINISTRATION

Certain costs of administration such as salaries and benefits of regular employees, their travel, other standard government supplies and accommodation costs are borne by the Province through the Ministry of Northern Development and Mines. All other costs are borne by the Corporation. Details are as follows:

	1999 (\$000's)	1998 (\$000's)
Salaries and benefits	376	222
Transportation and communications	214	232
Services	314	64
Supplies and equipment	7	64
	911	582
Less: expenses borne by the Province (Note 6)	449	287
Expenses borne by the Corporation	462	295

The Corporation provides pension benefits for all its permanent staff through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employee's Union Pension Fund (OPSEU Pension Fund) established by the Province of Ontario. The Corporation's share of contributions to the Fund during the year was \$17,069 (1998 - \$10,770) and is included in salaries and benefits.

9. COMMITMENTS AND CONTINGENCIES

- (a) The Corporation guarantees the repayment of certain loans made by private sector financial institutions to qualifying Ontario businesses. As at March 31, 1999 the Corporation's contingent liability under guarantees was \$146,624 (1998 - \$1.07 million). Commitments to guarantee loans not yet advanced amounted to \$853,376 (1998 - \$1.06 million). The accounting for guarantee losses is described in note 2(g).

NORTHERN ONTARIO HERITAGE FUND CORPORATION

Notes to Financial Statements
March 31, 1999

9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) Funds committed but not disbursed as at March 31, 1999 amounted to:

	1999 (\$000's)	1998 (\$000's)
Grants	13,244	24,841
Forgivable loans	50,174	14,992
Repayable loans	<u>26,837</u>	<u>21,929</u>
Total Commitments	<u>90,255</u>	<u>61,762</u>

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

TRUST AND OTHER

DICO 1998 Annual Report

Management's Responsibility

The Deposit Insurance Corporation of Ontario's management is responsible for the integrity and fair presentation of the financial statements included in the annual report. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

The Corporation maintains systems of internal accounting controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that company assets and liabilities are adequately accounted for and assets safeguarded.

The financial statements have been reviewed by the Corporation's Audit and Finance Committee and have been approved by its Board of Directors. In addition, the financial statements have been examined by KPMG LLP, the auditors, whose report follows.



Andrew Poprawa, C.A.
President & CEO



James Maxwell
*Chief Administrative
and Financial Officer*

Toronto, Canada
January 25, 1999

Auditors' Report

To the Board of Directors of Deposit Insurance Corporation of Ontario

We have audited the Statement of Financial Position of Deposit Insurance Corporation of Ontario as at December 31, 1998 and the Statement of Operations and Changes in the Deficiency of the Deposit Insurance Fund and the Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants
Toronto, Canada
January 25, 1999

DICO 1998 Annual Report

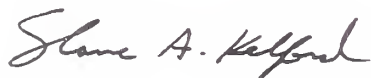
Deposit Insurance Corporation of Ontario

Statement of Financial PositionDecember 31, 1998, with comparative figures for 1997 *(in thousands of dollars)*

	1998	1997
ASSETS		
Accounts and interest receivable	\$ 148	\$ 118
Deposit insurance advances recoverable	4,418	904
Loan receivable	71	121
Real estate held for resale	1,000	1,200
Capital assets (net of accumulated amortization of \$2,452 (1997 - \$2,270))	495	497
	<u>\$ 6,132</u>	<u>\$ 2,840</u>
LIABILITIES		
Borrowings (note 3)	\$ 16,747	\$ 24,431
Payables and accruals	1,269	1,460
Premium rebate payable (note 4)	1,317	-
Accrual for deposit insurance losses (note 5)	18,037	27,177
Total Liabilities	<u>37,370</u>	<u>53,068</u>
Deficiency of the Deposit Insurance Fund	<u>31,238</u>	<u>50,228</u>
	<u>\$ 6,132</u>	<u>\$ 2,840</u>
Contingencies (note 10)		

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

DICO 1998 Annual Report

Deposit Insurance Corporation of Ontario

Statement of Operations and Changes in the Deficiency of the Deposit Insurance FundYear ended December 31, 1998, with comparative figures for 1997 *(in thousands of dollars)*

	1998	1997
INCOME		
Premium Income	\$ 25,604	\$ 25,933
Less: Premium rebates	(1,219)	-
Other Income	564	370
	<u>24,949</u>	<u>26,303</u>
EXPENSES		
(Recovery of) provision for losses (note 5)	(1,285)	10,785
Salaries and benefits	3,879	4,101
Interest expense	612	807
Operating expense	3,705	3,608
Recovery of operating expense	(952)	(1,039)
	<u>5,959</u>	<u>18,262</u>
Excess of income over expenses	18,990	8,041
Deficiency of the Deposit Insurance Fund, beginning of year	<u>50,228</u>	<u>58,269</u>
Deficiency of the Deposit Insurance Fund, end of year	<u>\$ 31,238</u>	<u>\$ 50,228</u>

See accompanying notes to financial statements.

DICO 1998 Annual Report

Deposit Insurance Corporation of Ontario

Statement of Cash Flows*Year ended December 31, 1998, with comparative figures for 1997 (in thousands of dollars)*

	1998	1997
Cash received from (applied to):		
Operations:		
Excess of income over expenses	\$ 18,990	\$ 8,041
Items charged to operations not affecting cash		
(Recovery of) provision for losses	(1,285)	10,785
Loss on disposal of capital assets	1	6
Amortization	306	325
	<u>18,012</u>	<u>19,157</u>
Changes in:		
Accounts and interest receivable	(30)	60
Loan receivable	50	56
Real estate held for resale	200	-
Payables and accruals	1,126	319
	<u>1,346</u>	<u>435</u>
	<u>19,358</u>	<u>19,592</u>
Financing and investing activities:		
Purchase of capital assets	(307)	(285)
Proceeds on sale of capital assets	2	14
Repayment of notes payable	-	(22,750)
	<u>(305)</u>	<u>(23,021)</u>
Deposit protection activities:		
Deposit insurance net advances	<u>(11,369)</u>	<u>(11,387)</u>
Decrease (Increase) in borrowing position	7,684	(14,816)
Borrowing position, beginning of year	<u>(24,431)</u>	<u>(9,615)</u>
Borrowing position, end of year	\$ (16,747)	\$ (24,431)

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended December 31, 1998

General

Deposit Insurance Corporation of Ontario is a Schedule III Provincial Crown Corporation without share capital established under the provisions of the Credit Unions and Caisses Populaires Act.

The statutory objects of the Corporation under the Act are to :

- provide deposit insurance to depositors of member institutions
- act as stabilization authority for the credit union and caisse populaire system
- promote standards of sound business practices
- collect and publish statistics
- provide financial assistance to member institutions
- act as administrator of member institutions
- minimize deposit insurance risk and size of claims

The Act empowers the Corporation to assess its member institutions to meet the Corporation's requirements for insurance funding and administrative costs. The Corporation establishes its premium levy annually. The established premium levy is submitted to the government of Ontario for review and incorporation into the regulations through appropriate amendments as necessary.

1. Going concern assumption:

These financial statements have been prepared on the going concern basis, which assumes that assets will be realized and liabilities and obligations will be discharged in the normal course of business. The application of the going concern concept is dependent upon the Corporation's ability to obtain sufficient additional financial resources to meet its liabilities. The Corporation's borrowings are guaranteed by the Minister's guarantee on behalf of the Province of Ontario. The guarantee is for a maximum of \$75 million and expires December 31, 2001. The Province of Ontario charges guarantee fees based on one-half of one per cent of the average end of day balance outstanding of any debt obligation subject to the Minister's guarantee.

2. Summary of Significant Accounting Policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. These financial statements do not reflect the assets, liabilities or operations of credit unions or caisses populaires where the Corporation has been appointed liquidator.

(a) Premium income:

Premiums are based on insured deposits held by member institutions. Premium income is recognized when billed.

(b) Provision for losses:

The provision for losses includes allowances against deposit insurance advances and an accrual for losses for which advances have not been made at the date of the Statement of Financial Position.

Funds advanced in respect of deposit insurance and loans to member institutions are initially recorded at cost. Deposit insurance advances recoverable are presented on the Statement of Financial Position net of allowances thereon.

The accrual for deposit insurance losses includes both provisions for specific losses and a general provision for losses.

Specific provisions for losses in respect of insured deposits are estimated by management and recorded at the time that member institutions are known to have become insolvent or when other conditions exist that will likely result in losses to the Corporation.

The general provision for losses reflects management's best estimate of losses on insured deposits arising from the inherent risk in the credit union/caisse populaire system. The provision is established by assessing the aggregate risk in member institutions based on current market and economic conditions, the likelihood of losses and the application of historic loss experience. Future economic conditions are not predictable with certainty and actual losses may vary, perhaps substantially, from management's estimates.

(c) Pension costs:

Earnings are charged with the cost of pension benefits earned by employees as services are rendered. Pension expense is determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, terminations and retirement ages. Adjustments arising from pension plan amendments, experience gains and losses, and assumption changes are amortized to earnings over the average remaining service lives of the members.

Any difference between pension expense (determined on an accounting basis) and funding (as required by regulatory authorities) is reflected as either a deferred charge or an accrual for pension costs.

(d) Real estate held for resale:

The real estate was originally acquired in 1996 to facilitate the amalgamation of two credit unions. Real estate held for resale is stated at management's best estimate of its fair market value, after selling and closing costs.

(e) Capital assets:

These are recorded at cost. Amortization of furniture and equipment is provided by the diminishing-balance method at the rate of 20 per cent per annum. Computer and related equipment and software are amortized over three years on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(f) Leases:

Leases are classified as either capital or operating. A lease which transfers substantially all the benefits and risks incidental to ownership of property is accounted for as if it were an acquisition of

DICO 1998 Annual Report

an asset and the incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are charged to earnings as incurred.

3. Borrowings:

The Corporation has obtained revolving credit facilities, approved by the Ontario Financing Authority, which administers the Minister's guarantee, as follows:

	Maximum Credit Available (effective October 1, 1998)	Outstanding as at Dec 31, 1998
	(thousands)	
Canadian Chartered Bank (at Bankers' Acceptances rates plus 14 basis points)	\$20,000	\$ 6,832
Credit Union Central of Ontario (at Bankers' Acceptances rates plus 14 basis points)	\$10,000	\$ 9,915
	<u>\$30,000</u>	<u>\$16,747</u>

The borrowings are guaranteed by the Minister's guarantee on behalf of the province of Ontario.

4. Premium rebate payable:

During 1998 the Corporation's board approved a rebate of up to \$0.10 per thousand dollars of deposits, payable in early 1999. The rebate is based on better than expected 1998 deposit insurance claims experience and represents 50% of the amount by which actual new provisions were below budget.

5. Accrual for deposit insurance losses:

The provision for losses includes specific provisions for known or likely losses from specific member institutions and a general provision for losses not identified with specific institutions. That portion of the provision for losses recorded in the year and in previous years which has not yet required payment by the Corporation is shown in liabilities on the Statement of Financial Position as accrual for deposit insurance losses.

	1998	1997
	(thousands)	
Accrual for deposit insurance losses beginning of year	\$27,177	\$29,231
Changes in respect of member institutions where a loss was identified in the current year :		
- Increase in deposit insurance advances recoverable	-	35
- Increase in Provision for losses	600	13,555
Changes in respect of member institutions where a loss was identified in prior years:		
- Increase (decrease) in deposit insurance advances recoverable	3,514	(1,487)
- Decrease in Provision for losses	(1,885)	(2,770)
	<u>29,406</u>	<u>38,564</u>
Net deposit insurance claims	<u>11,369</u>	<u>11,387</u>
Accrual for deposit insurance losses end of year	<u>\$18,037</u>	<u>\$27,177</u>

The general provision for losses included in the accrual for deposit insurance losses amounted to \$4,000,000 (1997 - \$4,000,000).

The Corporation has provided deficiency coverage agreements to two credit unions to facilitate the merger of one credit union and the sale of assets of another. These agreements provide protection to the acquiring credit unions in the event that a portion of the principal and income on certain commercial and retail loans is at risk. The agreements provide for a total of \$3.3 million (1997 - \$3.3 million) of coverage. These amounts are fully provided in the accrual for deposit insurance losses. The coverage is in force on a diminishing basis for four years from the date of the agreement. A fee of one per cent per annum on the diminishing balance is payable by these credit unions to cover the cost of administering the agreements.

6. Lease Commitments:

The Corporation has negotiated a new lease which replaced the former ten-year lease which would have ended August 1, 1998. The new lease is for the term commencing January 1, 1998 and ending August 5, 2007. The future minimum rent is \$123,000 for years one to five and \$140,000 for years six to ten. In addition, the Corporation is required to pay property taxes and common area maintenance costs.

7. Income Taxes:

The Corporation is subject to income taxes under the Income Tax Act. It has accumulated losses for income tax purposes of \$50,973,000. They expire as follows:

DICO 1998 Annual Report

Originating Taxation Year	Expiring Taxation Year	Amount (thousands)	Employee	Position held	Compensation	Taxable Benefits
1992	1999	\$ 8,242	Brydges, Barry	Vice President		
1993	2000	7,178		Stab. Services	\$114,438	\$8,114
1994	2001	6,619	Charbonneau, Robert	Vice President		
1995	2002	6,987		Insurance	\$105,128	\$6,538
1996	2003	7,566	Foster, C. William D.	Vice President		
1997	2004	7,449		Asset Management		
1998	2005	6,932		& Recoveries	\$125,680	\$9,465
		<u>\$ 50,973</u>	Kingston, Tom	Director		
				Administration	\$105,544	\$6,774
			Maxwell, James	Chief Administrative & Financial Officer		
				Corporate Resources	\$103,642	\$8,264
			Poprawa, Andrew	President and CEO	\$176,061	\$9,059

Potential tax benefits resulting from these business losses have not been recognized in the financial statements.

8. Pension Plan:

The Corporation has a defined benefit pension plan. The estimated value of the pension fund assets at December 31, 1998 is \$2,555,000 (1997 - \$2,385,000) and the estimated actuarial present value of accrued pension benefits is \$2,374,000 (1997 - \$1,854,000). Defined benefit pension plan expense included in the statement of operations was \$179,000 (1997 - \$165,000). The difference in the amount expensed and the funding contributions has been reflected in the Statement of Financial Position as an accrual for pension costs \$126,000 (1997 - \$78,000). The plan is fully funded on an actuarial basis.

Effective January 1, 1999, the defined benefit pension plan was converted to a defined contribution pension plan. The plan change is expected to be finalized and the impact recognized in 1999.

9. Directors' Expense:

During the year the directors received an aggregate remuneration of \$96,000 (1997 - \$110,000). Total directors' expense including the remuneration was \$141,000 (1997 - \$165,000).

10. Contingencies:

The Corporation is subject to various legal actions brought against it in the normal course of business, when acting in the capacity of administrator or liquidator. It is the view of the Corporation's management that these actions will be successfully defended. Accordingly, no provisions have been made in these financial statements.

11. Fair Value Disclosure:

The fair value of financial assets and liabilities which include cash, accounts and interest receivable, loan receivable, borrowings, payables and accruals, and premium rebate payable approximate their carrying amounts.

The fair value of deposit insurance advances recoverable and accrual for deposit insurance losses have been omitted because it is not practicable to determine fair value with sufficient reliability.

12. Compensation:

The following information is furnished in compliance with the *Public Sector Salary Disclosure Act, 1996*.

13. Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of member institutions, suppliers, or other third parties, will be fully resolved.

DICO 1998 Annual Report

Corporation's Report on Liquidations

It is the responsibility of the liquidator of a member institution to maximize the recovery of the assets of the member institution in dissolution for the benefit of all creditors. The Deposit Insurance Corporation of Ontario (DICO) is usually the largest unsecured creditor of a dissolved member institution. In this regard, DICO has a direct interest in ensuring that the liquidator's duties and responsibilities are managed in an efficient, cost effective manner. DICO, in its capacity as liquidator, employs internal resources for the purpose of collecting, monitoring and realizing on the assets of member institutions in liquidation.

As the largest unsecured creditor in most instances, DICO can best manage its losses by directly controlling the liquidation process. Through direct control and management, DICO can also protect neighbouring member institutions from any potential loss of confidence.

Under the Credit Unions and Caisses Populaires Act, 1994, the liquidator is required to prepare a statement of affairs at the date of liquidation. It is DICO's practice as liquidator to commission independent accountants to prepare such statements of affairs. To minimize liquidation costs and avoid any potential delay in conducting the liquidation, DICO does not require that these statements of affairs be audited. Consequently, in the absence of opening audited financial information, the liquidator's auditors, KPMG LLP, qualify their report on the results of DICO's activities as liquidator.

During the year, DICO as liquidator took possession and control of 6 member institutions with reported combined assets with a book value of \$24.5 million before provisions. The unaudited financial statements received from the independent accountants indicated that the net book value of the assets of the 6 member institutions, after provisions for loan losses, was \$22.7 million. Total claims against these assets as at dissolution date were \$29.3 million.

In 1998, DICO in its capacity as liquidator recovered \$15.4 million from the liquidation of assets and paid creditors' claims totalling \$14.3 million. In certain cases, assets are sold on a going concern basis to another member institution for which payment is made by the assumption of an equal value of depositor claims.

As at December 31, 1998, the book value of the combined assets remaining to be liquidated totalled \$25.7 million. The vast majority of these assets represent impaired loans. Accordingly, the estimated recoveries on these assets will be significantly below the amounts recorded. Management's best estimate of these future recoveries is \$12.0 million.



Andrew Poprawa, C.A.
President & CEO

Toronto, Canada
January 25, 1999



C.W.D. Foster
Vice President,
Asset Management
& Recoveries

Auditor's Report

To the Board of Directors of Deposit Insurance Corporation of Ontario

We have audited the statement of combined assets and creditors' claims as at December 31, 1998 under the control of Deposit Insurance Corporation of Ontario as liquidator and the statement of changes in combined assets and creditors' claims for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Upon appointment as liquidator of a credit union or caisse populaire, the Corporation engages independent accountants to prepare an unaudited statement of affairs which sets out the assets and creditors' claims as at the date of commencement of the liquidation. As the statements of affairs are unaudited, we are unable to verify whether the books and records of the credit unions/caisses populaires are complete and accurate at the commencement of liquidation.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to verify the assets and creditors' claims taken under the control of the Corporation at the commencement of liquidation, these financial statements present fairly, in all material respects, the combined assets and creditors' claims under the control of the Corporation as liquidator as at December 31, 1998 and the changes in the combined assets and creditors' claims for the year then ended in accordance with the basis of accounting disclosed in note 1.



Chartered Accountants
Toronto, Canada
January 25, 1999

DICO 1998 Annual Report

Deposit Insurance Corporation of Ontario as Liquidator

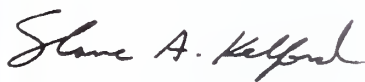
Statement of Combined Assets and Creditors' Claims under the Control of the Corporation as Liquidator

December 31, 1998, with comparative figures for 1997 *(in thousands of dollars)*

	1998	1997
ASSETS		
Cash (Note 2)	\$ 2,156	\$ 3
Loans, at gross book value	21,293	14,633
Investments and other assets	1,405	103
Real estate held for sale	886	846
	<u>\$ 25,740</u>	<u>\$ 15,585</u>
CREDITORS' CLAIMS		
Deposit Insurance Corporation of Ontario	\$ 35,142	\$ 49,358
Deposits	9,512	804
Other claims	6,367	190
	<u>\$ 51,021</u>	<u>\$ 50,352</u>

See accompanying notes to the Statement of combined assets and creditors' claims under the control of the Corporation as liquidator.

On behalf of the Board:



Director



Director

DICO 1998 Annual Report

Deposit Insurance Corporation of Ontario as Liquidator

Statement of Changes in Combined Assets and Creditors' ClaimsYear ended December 31, 1998 (*in thousands of dollars*)

	1998	1997
ASSETS:		
Opening assets	\$ 15,585	\$ 17,345
Add: Assets assumed as a result of new liquidations	24,498	2,888
Less: Uncollectable loans removed during the year	(1,083)	(305)
Less: Assets realized during the year (includes opening cash)	(15,416)	(4,346)
Sub-total	23,584	15,582
Add: Cash from realizations retained by liquidator	2,156	3
Total Assets	<u>\$ 25,740</u>	<u>\$ 15,585</u>
CREDITORS' CLAIMS:		
<i>DICO's Claim</i>		
Opening claim	\$ 49,358	\$ 51,100
Add: Advances by DICO	1,620	(3)
Less: Claims written-off by DICO that were uncollectable (Note 3)	(15,836)	(1,739)
Closing claim of DICO	<u>\$ 35,142</u>	<u>\$ 49,358</u>
<i>Other Creditors' and Depositors' Claims</i>		
Opening claims	\$ 994	\$ 1,597
Add: Claims as a result of new liquidations assumed	29,282	3,026
Less: Claims paid during the year	(14,326)	(3,613)
Less: Unclaimed deposits removed during the year	(71)	(16)
Closing Creditors' and Depositors' Claims	<u>\$ 15,879</u>	<u>\$ 994</u>
Total Creditors' Claims	<u>\$ 51,021</u>	<u>\$ 50,352</u>

See accompanying notes to the statement of combined assets and creditors' claims under the control of the Corporation as liquidator.

Notes to Statement of Combined Assets and Creditors' Claims under the Control of the Corporation as Liquidator

Year Ended December 31, 1998

Deposit Insurance Corporation of Ontario (the "Corporation") is, from time to time, appointed liquidator of credit unions and caisses populaires. In this capacity, the Corporation is responsible for the individual liquidation of a member institution's assets in an orderly manner and applying the proceeds towards the claims of its creditors. These financial statements are a combination of the financial statements of 49 (1997-68) credit unions and caisses populaires currently in liquidation, each liquidation being carried out as a separate legal proceeding.

1. Significant accounting policies:

(a) Basis of presentation:

These statements of combined assets and creditors' claims and changes in combined assets and creditors' claims under the control of the Corporation are prepared on the basis of accounting disclosed in these notes. Upon commencement of liquidation of a credit union/caisse populaire, its financial statements cease to be prepared on a going concern basis and all transactions are recorded on a cash basis.

These financial statements present the combined assets and creditors' claims of all the credit unions and caisses populaires currently being liquidated by the Corporation. *The reader of this statement is cautioned that this statement is not prepared in accordance with generally accepted accounting principles and the amount of assets under the control of the Corporation does not purport to be the expected recoverable amount or their fair value.*

(b) Loans:

Loans are recorded at the book value of the outstanding amount at the date of liquidation less cash received for the principal payments in the liquidation period. No allowance for loan losses has been recorded and no attempt has been made to estimate the net recoverable amount from loans.

Due to their nature, a substantial portion of the loans is considered impaired, as there is doubt about the timely collection of principal and interest in full.

(c) Investments and other assets:

Investments and other assets are stated at their book values as at the date of liquidation.

(d) Real estate held for sale:

Real estate is stated at the net book value as recorded at the date of liquidation. Depreciation is not recorded.

(e) Creditors' Claims:

The Deposit Insurance Corporation of Ontario (DICO) insures deposits of members of credit unions and caisses populaires to the statutory limit. In the event of the liquidation of a member institution, the Corporation pays insured depositors and thus assumes the depositors' claims against the assets of the credit unions and caisses populaires in liquidation. The amounts owing to DICO represent the Corporation's claims against the assets of 49 (1997-68) credit unions and caisses populaires currently in liquidation.

(f) Contingencies:

Certain credit unions/caisses populaires in liquidation are plaintiffs or defendants in lawsuits. However, no potential gains or losses from the legal actions have been recorded.

(g) Comparative figures:

The comparative figures for 1997 have been reclassified in accordance with the presentation adopted in 1998.

2. Cash flows:

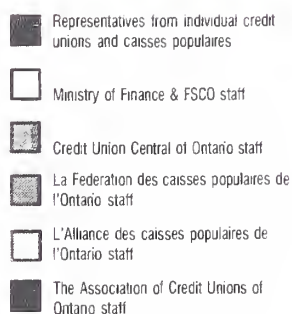
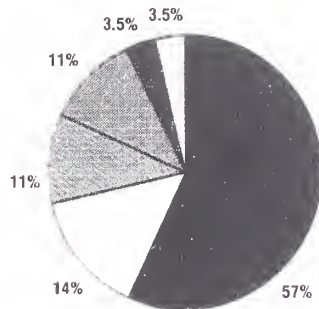
	1998	1997
	(thousands)	
Cash, beginning of year	\$ 3	\$ 84
Add: Assets realized during the year	15,413	4,262
Add: Advances from (Payment to) DICO	1,620	(3)
Total cash available	\$ 17,036	\$ 4,343
Less: Payment of creditors' claims and liquidation costs	(14,880)	(4,340)
Cash, end of year	\$ 2,156	\$ 3

3. Creditors' claims:

During the year 1998, DICO's unsatisfied claims against 24 credit unions were removed from the financial statements upon the completion of the liquidation as it was determined that there would be no further realization on these credit unions' assets.

Advisory Committees

DICO Advisory Committees Membership



Performance Analysis Advisory Committee

Function and Responsibilities:

- Advice on matters related to the gathering and dissemination of member institution financial condition and performance information, and the use of DICO's member institution data base;
- Ways and means of optimizing the use of system reports;
- Information required by users, including its frequency;
- Ways and means of capturing data and distributing output;
- Allocation to users of the costs of analysis and reporting;
- Medium and long range endorsement of developments in the use of information technology.

Members:

Judy Chaif Simko, Windsor Family Credit Union Limited
Normand Demers, Caisse populaire d'Earlton Limitée
Barry Doan, Avestel Credit Union Limited
John Ebsary, Ottawa Carleton Education Credit Union Limited
Josée Gallant, Civil Service Co-operative Credit Society Limited
Jean-Guy Laflèche, La Fédération des caisses populaires de l'Ontario Inc.
Nardeo Sham, FSCO
Malcom Thornley, HEPSCO Credit Union Limited
Dorothy Watson, Credit Union Central of Ontario

Sound Business and Financial Practices Advisory Committee

Function and Responsibilities:

Review and provide comments and input on:

- Draft standards and guidelines on sound business and financial practices;
- Methods for the effective delivery, implementation and enforcement of standards and the Handbook.
- Methods by which users can be trained to optimize the use of standards and the Handbook.

Members:

Ron Dias, FSCO
Janis Evans, Rideau/St. Lawrence Savings & Credit Union Limited

Owen Jackson, Hamilton Teachers' Credit Union Limited

Denis Laframboise, Caisse populaire Trillium Inc.

Don Maisonville, Credit Union Central of Ontario

Douglas McKee, Ontario Educational Credit Union Limited

Jim Mitchell, HEPSCO Credit Union Limited

Ilka Ovaska, Bay Credit Union Limited

Paul Tremblay, Caisse populaire de Pointe-aux-Roches Limitée

Bert Whitmell, Arnstein Community Credit Union Limited (Ontario Association of Small Credit Unions)

Stabilization Advisory Committee

Function and Responsibilities:

- Review standards and guidelines with respect to stabilization and deposit insurance activities;
- Review and provide input on methods for the effective delivery, implementation and enforcement of stabilization and insurance programs.

Members:

Denis Couture, L'Alliance des caisses populaires de l'Ontario Ltée.
Robert Gaulin, L'Office de stabilisation des Caisses populaires de l'Ontario
Helen Graham, Ministry of Finance
Jonathan Guss, Credit Union Central of Ontario
John Harper, FSCO
Sean G. Jackson, Niagara Credit Union Limited
Don Maisonville, Credit Union Central of Ontario
Tom Robins, Association of Credit Unions of Ontario
Gary Seveny, Civil Service Co-operative Credit Society Limited
Pierre Tougas, La Fédération des caisses populaires de l'Ontario Inc.

Auditors' Report

To the Directors of the Ontario Pension Board:

We have audited the consolidated statement of net assets available for benefits and accrued pension benefits and surplus of the Ontario Pension Board (the "OPB") as at December 31, 1998, and the consolidated statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in surplus for the year then ended. These consolidated financial statements are the responsibility of the OPB's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the OPB as at December 31, 1998 and the results of its operations and the changes in its financial position, accrued pension benefits and surplus for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada
February 12, 1999

Ernst + Young
Chartered Accountants

Actuaries' Opinion

To the Directors of the Ontario Pension Board:

We have prepared an actuarial valuation on a funding basis of the Public Service Pension Plan (the "PSPPlan") as of December 31, 1996, as described in Note 9(a) of these consolidated financial statements. In addition, we have also prepared an estimate of the actuarial value of assets and liabilities on a funding basis as at December 31, 1998, using a projection of activity for two years. This projection is also set out in Note 9(a) of these consolidated financial statements.

We hereby certify that, in our opinion:

- ◆ the data provided to us by the Ontario Pension Board (OPB) are sufficient and reliable for the purposes of the December 31, 1996 valuation;
- ◆ the actuarial assumptions used are appropriate for the purposes of a valuation for funding purposes of the PSPPlan;
- ◆ the methods employed are consistent with sound principles established by precedent or by common usage within the actuarial profession, are appropriate for the purposes of the valuation and are consistent with the requirements of the *Pension Benefits Act*, the *Public Service Pension Act*, and the *Income Tax Act (Canada)*; and
- ◆ the valuation and the projections were prepared and our opinions given in accordance with generally accepted actuarial practice.

Using the same data as provided by the OPB for the funding basis valuation, we also prepared an estimate of the assets and liabilities on an actuarial basis following the accounting methodology required by *The Canadian Institute of Chartered Accountants Handbook*, Section 4100, as disclosed in Note 9(b). These amounts are set out in the consolidated statement of net assets available for benefits and accrued pension benefits and surplus. The valuation for accounting purposes was prepared in accordance with accepted actuarial practice and is based on assumptions set out in Note 9(b), which in our opinion fall within a reasonable range.



Michael D. Banks



Paul Nock

WILLIAM M. MERCER LIMITED
February 12, 1999

Consolidated Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Surplus

As at December 31

(in thousands of dollars)

	1998	1997
Assets		
Investments (Note 5)	\$10,969,384	\$10,043,981
Contributions receivable (Note 8)	22,777	30,282
Capital assets (Note 6)	986	1,471
Other assets	192	300
Total assets	10,993,339	10,076,034
Liabilities		
Income taxes withheld on pension payments	8,150	8,017
Contributions payable	7,489	25,399
Accounts payable and accrued charges	3,845	5,321
Total liabilities	19,484	38,737
Net Assets Available for Benefits	10,973,855	10,037,297
Actuarial asset value adjustment (Note 9(b))	731,760	664,281
Actuarial Value of Net Assets Available for Investments	\$11,705,615	\$10,701,578
Accrued Pension Benefits and Surplus		
Accrued Pension Benefits	\$10,903,192	\$10,676,664
Surplus	802,423	24,914
Total Benefits and Surplus	\$11,705,615	\$10,701,578

See accompanying notes



William H. Somerville
Director



William J. Corcoran
Director

Consolidated Statement of Changes in Net Assets Available for Benefits

For the Year Ended December 31

(in thousands of dollars)

	1998	1997
Increase in Net Assets		
Net investment income (Note 7)	\$ 1,309,861	\$ 1,367,087
Contributions (Note 8)	322,577	252,598
Increase in net assets	1,632,438	1,619,685
Decrease in Net Assets		
Pensions paid	630,241	605,881
Termination payments and transfers	55,262	65,082
Operating expenses (Note 12)	10,377	10,885
Transfer to OPSEU Pension Plan Trust, net (Note 3)	—	43,994
Decrease in net assets	695,880	725,842
Net Increase in Net Assets For the Year	936,558	893,843
Net Assets, at Beginning of Year	10,037,297	9,143,454
Net Assets, at End of Year	\$ 10,973,855	\$ 10,037,297

See accompanying notes

Consolidated Statement of Changes in Accrued Pension Benefits

For the Year Ended December 31

(in thousands of dollars)

	1998	1997
Accrued Pension Benefits, at Beginning of Year	\$10,676,664	\$10,897,228
Increase in Accrued Pension Benefits		
Interest on accrued pension benefits	686,372	720,206
Benefits accrued	195,101	176,674
	881,473	896,880
Decrease in Accrued Pension Benefits		
Benefits paid	685,503	670,963
Experience gains (losses)	(30,558)	446,481
	654,945	1,117,444
Net Increase (Decrease) in Accrued Pension Benefits	226,528	(220,564)
Accrued Pension Benefits, at End of Year	\$10,903,192	\$10,676,664

Consolidated Statement of Changes in Surplus (Deficiency)

For the Year Ended December 31

(in thousands of dollars)

	1998	1997
Surplus (Deficiency), at Beginning of Year	\$ 24,914	\$(1,016,033)
Increase in net assets available for benefits	936,558	893,843
Change in actuarial asset value adjustment	67,479	(73,460)
Increase in actuarial value of net assets available for benefits	1,004,037	820,383
Net Increase (Decrease) in Accrued Pension Benefits	226,528	(220,564)
Surplus, at End of Year	\$ 802,423	\$ 24,914

Notes to the Consolidated Financial Statements

December 31, 1998

1. Public Service Pension Act

Effective January 1, 1990, the Province of Ontario (the "Province") enacted the Public Service Pension Act, 1990 (the "PSPAct") to continue the pension plan for the employees of the Province and certain of its agencies. The terms of the Public Service Pension Plan (the "PSPPlan") are stated in Schedule 1 to the PSPAct. The Ontario Pension Board (the "OPB") is the administrator of the PSPPlan.

2. Description of PSPPlan

The following is a brief description of the PSPPlan. For more complete information, reference should be made to the PSPAct.

a) General

The PSPPlan is a contributory defined benefit pension plan and membership is mandatory for most employees who satisfy the eligibility requirements provided in the PSPAct. Under the PSPPlan, contributions are made by the members and the employers. The PSPPlan is registered under the Pension Benefits Act of Ontario and the Income Tax Act (Canada) under Registration Number 0208777.

b) Contributions

The PSPPlan is integrated with the Canada Pension Plan ("CPP"). Member contributions are 6.2% of the salary on which contributions to CPP are made and 8% on the balance of salary. The employers contribute matching amounts. During 1994, the Province passed the Ontario Public Service Employees' Union Pension Act, 1994 (the "OPSEU Act") which temporarily reduced those contributions (see Note 8).

Ontario Provincial Police ("OPP") members are required to contribute to the PSPPlan an additional 2% of salary which is matched by the employer. These employer contributions were also temporarily reduced.

c) Pensions

A pension is payable at age 65 (or at age 60 for some members with pre-1966 pension credits) based on the number of years of credit in the PSPPlan, 2% of the average salary during the best consecutive 60 month period, less an offset for amounts received under the CPP. An unreduced pension can be received before age 65 if the member's age and years of credit total 90 (the "Factor 90") or when the member reaches age 60 and has 20 or more years of credit. The Province amended the PSPPlan to provide for an enhanced early retirement opportunity for certain members of the Plan (the "Factor 80"). The amendment allows an unreduced pension for those members whose age and years of credit in the PSPPlan total 80 years. Members are eligible for this program if they achieve the Factor 80 prior to April 1, 2000 and elect, within certain limited time frames, to retire.

OPP members are eligible for an unreduced pension after attaining age 50 with 30 years of credit.

d) Death Benefits

Benefits may be payable to a surviving eligible spouse, eligible children, a designated beneficiary or the member's or pensioner's estate on the death of a member or a pensioner.

e) Disability Pensions

Based on meeting all eligibility criteria, a disability pension may be available to members with a minimum of 10 years of credit in the PSPPlan. The amount of the disability pension is dependent on years of credit and average salary.

f) Termination Payments

Members terminating employment before age 55, who are eligible for a deferred pension, may be entitled to transfer the commuted value of the pension to a locked-in registered retirement savings arrangement, to another pension plan or to purchase a life annuity.

g) Escalation of Benefits

Current pensions and deferred pension benefits are increased for inflation based on the Consumer Price Index to a maximum of 8% in any one year. Any inflation above 8% in any one year is applied to increase the pension in subsequent years when the adjustment is less than 8%.

3. The OPSEU Pension Plan

In April, 1994, the Province and the Ontario Public Service Employees' Union ("OPSEU") reached an agreement (the "Sponsorship Agreement") to sponsor a pension plan to operate separately from the PSPPlan for members of OPSEU, the Amalgamated Transit Union, the Ontario Liquor Control Board Employees' Union, and certain members of the Canadian Union of Public Employees. The OPSEU Act was enacted in June, 1994 by the Province to give effect to the Sponsorship Agreement and to create the Ontario Public Service Employees' Union Pension Plan (the "OPSEU Pension Plan").

The benefits for all pensioners and deferred pensioners who terminated before January 1, 1993 and for all other PSPPlan members continue to be payable by the PSPPlan.

The net transfer of membership between the PSPPlan and the OPSEU Pension Plan has been settled up to December 31, 1994. In 1997, a cash advance of \$20 million was made from the OPSEU Pension Plan to the PSPPlan representing the estimated amount payable to the PSPPlan for membership transfers subsequent to December 31, 1994. The exact amount of the membership transfer is not determinable at this date. The net settlement is not expected to be significant.

4. Summary of Significant Accounting Policies

a) Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles and present the position of the PSPPlan as a separate entity independent of the employers and plan members.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

b) Principles of Consolidation

The accounts of wholly-owned subsidiaries are included on a consolidated basis.

c) Investments

Traded investments are stated at fair value based on year-end market prices. Short-term investments are carried at amortized cost which approximates their aggregate fair value. Special Province of Ontario Debentures, which are non-marketable, are recorded at face value (see Note 5). Gains and losses realized on the disposal of investments are credited or charged to investment income. Withholding tax refunds from foreign jurisdictions are recorded on a cash basis. Investment transactions are presented on a trade date basis.

Real estate investments are stated at appraised values as established by independent appraisals at least every three years. Changes in valuation due to appraisal adjustments are included in unrealized gains (1997-\$23.5 million gain).

d) Contributions

Contributions from members and employers which are due to the PSPPlan at year end are recorded as receivable. Transfers and purchases of prior service are recorded after cash is received and the case is processed.

e) Pensions

Payments of pensions, refunds and transfers are recorded in the year in which they are made.

f) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Computer equipment	3 years
Leasehold improvements	Remaining term of lease
Furniture and fixtures	10 years

g) Foreign Currency Translation

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions.

The fair value of investments and cash balances denominated in foreign currencies are translated at the rates in effect at year end.

5. Investments

As at December 31 (in thousands of dollars)	1998		1997	
	Fair Value	Cost	Fair Value	Cost
Special Province of Ontario Debentures	\$ 3,620,077	\$ 3,620,077	\$ 3,704,063	\$ 3,704,063
Cash and short-term investments				
Canadian	520,162	521,054	384,021	384,124
Foreign	67,283	68,745	79,676	78,718
	<u>587,445</u>	<u>589,799</u>	<u>463,697</u>	<u>462,842</u>
Bonds				
Canadian	1,863,409	1,772,778	1,609,066	1,544,893
Foreign	387,207	344,656	270,640	257,777
	<u>2,250,616</u>	<u>2,117,434</u>	<u>1,879,706</u>	<u>1,802,670</u>
Equities				
Canadian	1,085,719	889,501	1,106,693	789,174
Foreign	2,314,176	1,269,860	1,869,688	1,114,708
	<u>3,399,895</u>	<u>2,159,361</u>	<u>2,976,381</u>	<u>1,903,882</u>
Real estate, net of mortgage	827,609	804,130	744,979	721,500
Investments	\$10,685,642	\$ 9,290,801	\$ 9,768,826	\$ 8,594,957
Accrued income	283,742	283,742	275,155	275,155
Total	\$10,969,384	\$ 9,574,543	\$10,043,981	\$ 8,870,112

The Special Province of Ontario Debentures, which are non-marketable, are recorded at their aggregate face value of \$3.620 billion. By discounting cash flows based on year-end market yields of comparable bonds, a value of \$5.535 billion could be determined.

There are currently 24 Special Province of Ontario Debentures maturing over the next 16 years with a weighted average interest rate of 11.64%.

As Administrator of the Fund, the OPB has adopted a Statement of Investment Policies and Goals. This Statement provides investment objectives, performance expectations and guidelines for the management of the Fund. To reduce risk and enhance returns, equity and fixed income investments may be allocated to different asset classes. The proportion allocated at any point in time is determined based on an assessment of economic and financial market conditions.

To provide the ability to respond to fundamental changes, the Fund's asset mix is maintained within the following ranges:

Equity	30% to 70%
Fixed income	30% to 70%

The Fund's long-term asset mix policy is as follows:

Equity	60%
Fixed income	40%

This policy was adopted after evaluating the risk characteristics of alternative policies, considering the liquidity requirements of the Fund and the economic assumptions employed in the PSPPlan's actuarial valuation.

The OPB invests in high-grade bonds and common shares. The fair value of foreign investments will fluctuate with moves in exchange rates.

The OPB through its 100% owned subsidiary, OPB Realty (Management) Inc., owns a 100% interest in the following regional shopping centres:

Brentwood Mall, Burnaby, BC	Halifax Shopping Centre, Halifax, NS
Carlingwood Mall, Ottawa, ON	Niagara Pen Centre, St. Catharines, ON
Lougheed Mall, Burnaby, BC	Pickering Town Centre, Pickering, ON
Marlborough Mall, Calgary, AB	St. Vital Centre, Winnipeg, MB

Each property is held in a wholly-owned separate subsidiary. A mortgage of \$39 million on the Marlborough Mall property matured and was paid on September 1, 1998.

See the Schedule of Fixed Income Maturities and the Schedule of Significant Investments for further information.

6. Capital Assets

As at December 31 (in thousands of dollars)	Cost	<u>1998</u>	Net Book Value	<u>1997</u>
		Accumulated Amortization		Net Book Value
Computer equipment	\$ 1,283	\$ 810	\$ 473	\$ 550
Leasehold improvements	1,057	710	347	679
Furniture and fixtures	<u>523</u>	<u>357</u>	<u>166</u>	<u>242</u>
Total capital assets	\$ 2,863	\$ 1,877	\$ 986	\$ 1,471

7. Net Investment Income**For the Year Ended December 31**

(in thousands of dollars)

	1998	1997
Interest income		
Special Province of Ontario Debentures	\$ 425,117	\$ 434,458
Cash and short-term investments:		
Canadian	23,129	15,095
Foreign	3,040	3,481
Bonds:		
Canadian	101,131	89,656
Foreign	<u>19,875</u>	<u>15,588</u>
Total interest income	572,292	558,278
Dividend income		
Canadian	17,690	17,775
Foreign	<u>34,966</u>	<u>30,729</u>
Total dividend income	52,656	48,504
Real estate income	60,893	56,224
Realized gain	412,869	364,330
Unrealized gain	220,972	348,334
Total investment income	1,319,682	1,375,670
Investment management and custodial fees	9,821	8,583
Net investment income	\$ 1,309,861	\$ 1,367,087

8. Contributions**For the Year Ended December 31**

(in thousands of dollars)

	1998	1997
Members		
Current service	\$ 91,961	\$ 91,292
Prior service	<u>4,171</u>	<u>3,522</u>
	96,132	94,814
Employers		
Current service	99,851	71,441
Prior service	3,419	697
Interim unfunded liability payments received	<u>114,724</u>	<u>82,469</u>
	217,994	154,607
Transfers from other plans	8,451	3,177
Total contributions	\$ 322,577	\$ 252,598

The contribution requirements are set out in the PSPAct and summarized in Note 2. During 1994, the Province passed legislation to temporarily reduce these contributions for a three-year period commencing April 1, 1994 and concluding March 31, 1997.

The Province reduced employer contributions otherwise payable by set dollar amounts for each annual period ending March 31, 1995, 1996 and 1997. Reductions were applied first to reduce payments otherwise receivable on account of unfunded liabilities, and second to reduce other contributions. Further, the Province reduced contribution levels by 1% of salaries for the period April 1, 1994 to March 31, 1995 for employers and April 1, 1994 to March 31, 1997 for employees.

Contributions otherwise receivable by the PSPPlan were reduced by the effects of the contribution holiday. As a result, members' contributions in 1997 were reduced by \$3 million and total employers' contributions were reduced by \$44 million.

Contributions receivable represent members' contributions due as well as estimated receivables for members receiving benefits on LTIP and for buybacks.

9. Accrued Pension Benefits

a) Funding Basis

The funding of the PSPPlan is based on a method of valuation required under the PSPAct. An actuarial valuation of the PSPPlan, prepared on a funding basis, was completed by the OPB's actuaries, William M. Mercer Limited ("Mercer") as at December 31, 1996. This valuation disclosed an unfunded liability of \$1.775 billion based on an actuarial liability of \$11.576 billion and an actuarial value of assets of \$9.801 billion at the end of 1996.

Mercer has produced an estimate of the obligation for pension benefits as at December 31, 1998. This estimate projects the amounts as at December 31, 1996, and shows an actuarial obligation of \$12.204 billion. In addition, Mercer has produced a consistent estimate of the actuarial value of the assets. This estimate does not take into account any experience gains or losses on investments since the date of the valuation. The actuarial value of assets on this basis was estimated at \$10.381 billion which, when compared to the projected actuarial obligation, results in a projected unfunded liability of \$1.823 billion. The OPB intends to have its actuaries prepare a December 31, 1998 valuation during the current year. The 1997 and 1998 investment results exceed those projected since the 1996 actuarial valuation, and thus, a reduction in the unfunded liability is expected.

As required by the Pension Benefits Act (Ontario) and the Income Tax Act (Canada) an actuarial valuation for funding purposes must be performed at least every three years.

b) Accounting Basis

The accrued pension benefits set out in the consolidated financial statements of the OPB for 1998 have been calculated by Mercer based on the reporting standard set by The Canadian Institute of Chartered Accountants which requires that pension obligations be calculated using best estimate assumptions and the projected benefit method pro-rated on services.

The key assumptions which have been used for this estimation are for long-term expectations and are adjusted annually in light of economic conditions. For 1998 and 1997, the key assumptions used are as follows:

	1998	1997
Interest	6.5%	7.0%
Inflation	2.5%	3.0%
Real rate of return	4.0%	4.0%
Salary	3.5%	4.0%
	+ promotional scale	+ promotional scale

The actuarial value of assets on a best estimate basis is \$11.706 billion for 1998 and \$10.702 billion for 1997. This asset value includes the Special Province of Ontario Debentures on a discounted basis. The best estimate obligations compared with the best estimate assets results in a surplus of \$802 million as at December 31, 1998, versus a surplus of \$25 million as at December 31, 1997.

The process of determining pension obligations necessarily involves risks that the actual results will deviate from the best estimates made. These risks vary in proportion to the length of the estimation period and the potential viability of each component comprising the liabilities. Actual experience and related revisions to future estimates may differ materially from the current estimated valuations.

10. Statutory Information

The statutory information required under the Public Sector Salary Disclosure Act, 1995, with respect to employees who are paid a salary of \$100,000 or more in a year is as follows:

	Salary	Taxable Benefits
W.H. Somerville, Chairman	\$ 124,204	—
L. Lu, President	\$ 146,254	\$ 365
Jon-Jo Douglas, Senior Vice-President, General Counsel & Secretary	\$ 115,346	\$ 352
R. Kay, Senior Vice-President, Investments	\$ 127,920	\$ 326

11. Ontario Provincial Police Early Retirement Benefit

Under the PSPPlan, the OPB is required to report annually on the early retirement benefit provided by the PSPPlan to members who are employed by the OPP. This early retirement benefit is available to OPP members who are 50 years of age and have 30 years of credit in the PSPPlan. OPP members contribute 2% of their salary to the PSPPlan in addition to the regular contribution amount. This contribution is matched by the employer.

The liability of OPP members who qualify and elect to retire under the Factor 80 provision is not reported under the OPP early retirement benefit. When the Province's program expires, the liability for all OPP members who attain 50 years of age and have 30 years of credit in the PSPPlan will be reported under the OPP early retirement benefit.

The position of the OPP early retirement benefit was included in the actuarial valuation as at December 31, 1996. The value of projected future contributions and benefits included in the December 31, 1996 actuarial valuation was updated to reflect actual contributions received and benefit payments made during the period to December 31, 1998. This method produces a reasonable estimate of the financial position of this benefit according to the OPB's actuaries.

The additional obligation and assets related to the OPP early retirement benefit as at December 31, 1998 were as follows:

(in thousands of dollars)

Assets allocated to payment of OPP early retirement benefit	\$ 60,166
Actuarial value of future additional contributions from OPP members and employer	<u>72,222</u> 132,388
Actuarial value of future OPP early retirement benefit	120,984
Assets and actuarial value of future additional contributions available in excess of actuarial value of future OPP early retirement benefit	\$ 11,404

12. Operating Expenses**For the Year Ended December 31**

(in thousands of dollars)

	1998	1997
Salaries and benefits	\$ 4,839	\$ 4,249
Agency services	976	749
Office premises and operations	1,587	1,747
Computer and professional services	1,482	3,338
Depreciation and amortization	879	287
Communications	371	289
Audit	97	96
Training and travel	47	39
Publications, registration and filing fees	99	91
Total operating expenses	\$ 10,377	\$ 10,885

13. Commitments

The OPB is committed under a lease for office premises at One Financial Place, Toronto, at an annual net rental of approximately \$470 thousand until the year 2002.

14. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the OPB. As at December 31, 1998, the OPB has commenced the identification of computer systems that will require modification or replacement. An assessment of the readiness of third parties, such as customers, suppliers and others is ongoing.

It is not possible to be certain that all aspects of the Year 2000 Issue affecting the OPB, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Schedule of Fixed Income Maturities

As at December 31 (in thousands of dollars)	<u>1998</u>		<u>1997</u>	
	Fair Value	Effective Yield %	Fair Value	Effective Yield %
Special Province of Ontario Debentures				
0-1 year	\$ 47,303	8.39 - 10.07	\$ 68,219	8.14 - 14.71
1-5 years	440,499	9.50 - 16.95	369,039	8.39 - 16.95
5-10 years	1,004,286	9.82 - 15.38	874,304	9.50 - 15.38
> 10 years	<u>2,127,989</u>	10.38 - 13.33	<u>2,392,501</u>	10.38 - 13.33
	\$3,620,077		\$3,704,063	
Cash and short-term investments				
Canadian:				
0-1 year	\$ 520,162	4.41 - 6.50	\$ 384,021	3.10 - 8.04
Foreign:				
0-1 year	<u>67,283</u>	3.70 - 4.50	<u>79,676</u>	4.82 - 5.30
	\$ 587,445		\$ 463,697	
Bonds				
Canadian:				
0-1 year	\$ 1,333	4.49	\$ 9,507	4.92 - 5.26
1-5 years	351,729	4.74 - 7.88	247,460	4.88 - 6.15
5-10 years	986,500	4.79 - 6.82	1,289,669	5.27 - 6.80
> 10 years	<u>523,847</u>	1.92 - 5.95	<u>62,430</u>	4.18 - 6.01
	\$1,863,409		\$1,609,066	
Foreign:				
1-5 years	\$ 88,841	3.26 - 5.56	\$ 50,060	4.80 - 7.67
5-10 years	226,268	3.71 - 6.12	196,657	2.91 - 7.18
> 10 years	<u>72,098</u>	4.31	<u>23,923</u>	6.19 - 6.33
	\$ <u>387,207</u>		\$ <u>270,640</u>	
	\$2,250,616		\$1,879,706	

Schedule of Significant Investments*

As at December 31, 1998 (in thousands of dollars)	Fair Value	Cost
Special Province of Ontario Debentures	\$ 3,620,077	\$ 3,620,077
Cash and short-term investments		
Canadian		
Treasury Bills		
Government of Canada	\$ 269,524	\$ 269,278
Bonds		
Canadian		
Government of Canada	\$ 821,920	\$ 792,534
Province of Ontario	256,492	239,066
Foreign		
Federal Republic of Germany	\$ 135,225	\$ 135,554
Real estate, net	\$ 827,609	\$ 804,130

*Investments with fair value or cost exceeding 1% of fair value or cost of total plan investments

Office of the
Provincial Auditor
of Ontario



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Auditor's Report

To the Public Guardian and Trustee for the Province of Ontario
and to the Attorney General

I have audited the balance sheet of the Public Guardian and Trustee for the Province of Ontario as at March 31, 1999 and the statements of fund balances and revenue and expenditures for the year then ended. These financial statements are the responsibility of the Public Guardian and Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Public Guardian and Trustee for the Province of Ontario as at March 31, 1999 and the results of its operations for the year then ended in accordance with the accounting policies as explained in the Summary of Significant Accounting Policies.

Toronto, Ontario
June 4, 1999

K.W. Leishman, CA
Assistant Provincial Auditor

**The Public Guardian and Trustee
for the Province of Ontario
Balance Sheet
(in thousands of dollars)**

March 31, 1999

	Estates and Trusts		Administration Fund	
	1999	1998	1999	1998
Assets				
Cash	\$ 1,517	\$ 4,688	\$ 37	\$ 2
Bonds and other debt issues	16,171	13,953		
Funds invested (Schedule A)	862,748	845,802	59,456	64,026
Accounts receivable	4,160	4,398	230	5
Other assets (Schedule B)	84,172	82,232		
	<u>\$ 968,768</u>	<u>\$ 951,073</u>	<u>\$ 59,723</u>	<u>\$ 64,033</u>
Liabilities and Fund Balances				
Accounts Payable	\$ 1,964	\$ 1,229	\$ 4,538	\$ 4,599
Accrued interest (Note 5)				7,207
	<u>\$ 1,964</u>	<u>\$ 1,229</u>	<u>\$ 4,538</u>	<u>\$ 11,806</u>
Fund balances	966,804	949,844	55,185	52,227
	<u>\$ 968,768</u>	<u>\$ 951,073</u>	<u>\$ 59,723</u>	<u>\$ 64,033</u>

On behalf of The Public Guardian and Trustee for the Province of Ontario


Public Guardian and Trustee


Deputy Public Guardian and Trustee

**The Public Guardian and Trustee
for the Province of Ontario
Statement of Estates and Trust Fund Balances
(in thousands of dollars)**

For the year ended March 31	1999	1998
Client estates	\$ 344,728	\$ 354,323
Crown estates	80,101	76,456
Probable escheats (Note 1)	335	900
Executorship estates	14,354	16,927
Cemetery trusts	15,664	14,360
Corporate trusts	3,053	3,052
Forfeited corporate assets	3,766	3,706
Suits and matters	495,599	472,166
Land titles	2,972	2,345
Unclaimed balances	1,550	1,510
Unadministered estates	4,682	4,099
	\$ 966,804	\$ 949,844

**The Public Guardian and Trustee
for the Province of Ontario
Statement of Administration Fund Balances
(in thousands of dollars)**

For the year ended March 31, 1999

	Allowance					Total 1999	Total 1998
	Assurance Fund	Litigation Reserve Fund	for Doubtful Accounts Fund	Medical Contingency Fund	Unappro- priated Fund		
Balance, beginning of year	\$ 200	\$ 2,000	\$ 100	\$ 100	\$ 49,827	\$ 52,227	\$ 44,354
Excess of revenue over expenditures					3,447	3,447	9,828
Claims during the year	(75)	(395)		(19)		(489)	(255)
Transfers							
Consolidated Revenue Fund (Note 2)							(1,700)
Reimbursement of Claims	75	395		19	(489)		
Balance, end of year	\$ 200	\$ 2,000	\$ 100	\$ 100	\$ 52,785	\$ 55,185	\$ 52,227

**The Public Guardian and Trustee
for the Province of Ontario
Statement of Revenue and Expenditures - Administration Fund
(in thousands of dollars)**

For the year ended March 31	1999	1998
Revenue		
Fees collected		
Client estates	\$ 10,642	\$ 10,138
Crown estates	1,308	1,128
Probable escheats	62	5
Executorship estates	272	294
Charity trusts	265	302
Cemetery trusts	59	49
Corporate trusts	17	10
Forfeited corporate assets	27	45
	<u>12,652</u>	<u>11,971</u>
Bank interest, net of charges	(139)	(5)
Income from funds invested, net (Schedule C)	8,974	15,412
	<u>21,487</u>	<u>27,378</u>
Expenditures		
Salary and wages	14,316	14,243
Employee Benefits (Note 3)	2,993	3,799
Services	2,596	2,899
Supplies and equipment	370	384
Transportation and communication	1,317	1,289
	<u>21,592</u>	<u>22,614</u>
Less: Amount recovered from the Ministry of Attorney General	(3,552)	(5,064)
	<u>18,040</u>	<u>17,550</u>
Excess of revenue over expenditures for the year	\$ 3,447	\$ 9,828

The Public Guardian and Trustee for the Province of Ontario

Summary of Significant Accounting Policies

March 31, 1999

Nature of Operations

The Public Guardian and Trustee for the Province of Ontario performs duties under a number of statutes with the following main responsibilities:

- ◆ the management of estates of incompetent individuals
- ◆ the administration of estates of persons who have died in Ontario intestate and without next-of-kin
- ◆ the gathering of assets on behalf of the Crown under the Escheats Act when there is no known owner of those assets or the owner is a corporation no longer in existence
- ◆ the management of funds, mortgages and securities paid into or lodged with the Ontario Court (General Division) on behalf of minors, litigants and others
- ◆ a general supervisory role over charities and charitable property

Basis of Accounting

The Organization uses the accrual basis for accounting for the Administration Fund and funds invested. Assets held on behalf of clients, other than funds invested, are accounted for on a market value basis as explained in the significant accounting policies relating to these items.

Estates and Trusts

Estates and Trusts represent accounts over which The Public Guardian and Trustee for the Province of Ontario acts as trustee under the regulations of The Public Guardian and Trustee Act. Estates and Trusts earn interest on the funds at established rates and are charged fees for trustee services provided in accordance with regulations under the Act.

Unappropriated Administration Fund

The Administration Fund is the operating account of The Public Guardian and Trustee. It is used to accumulate fees charged each estate and trust for services, as prescribed by the regulations under The Public Guardian and Trustee Act.

Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is allowed on the funds of Estates and Trusts in accordance with regulations under the Act.

All operating expenses of the office of The Public Guardian and Trustee are paid from the Administration Fund.

**The Public Guardian and Trustee
for the Province of Ontario**
Summary of Significant Accounting Policies

March 31, 1999

Appropriated Administration Funds

Assurance Fund

The regulations under the Act provide that an Assurance Fund shall be established to meet losses for which the office of The Public Guardian and Trustee might become liable. Accordingly, this Fund has been established at \$200,000 by transfers from the Administration Fund.

During the year the Fund was reimbursed \$75,358 (1998 - \$50,650) from the unappropriated fund.

Litigation Reserve Fund

The intent of the Litigation Reserve Fund is to cover costs of an opposing side's legal bills where the office of The Public Guardian and Trustee is obliged to pay such costs.

During the year the Fund was reimbursed \$395,228 (1998 - \$184,725) from the unappropriated fund for legal costs incurred on behalf of the clients.

Allowance for Doubtful Accounts Fund

The intent of the Allowance for Doubtful Accounts Fund is to provide for all clients accounts whereby The Public Guardian and Trustee has paid expenses on a client's behalf but is not expected to be able to recover the amount from the client.

Medical Consultancy Fund

The Medical Consultancy Fund was set up to cover fees of medical consultants for consent to treatment for The Public Guardian and Trustee to make substitute decisions on behalf of incapable persons under the Regulations of the Public Hospitals Act.

During the year the Fund was reimbursed \$18,754 (1998 - \$18,535) from the unappropriated fund.

**The Public Guardian and Trustee
for the Province of Ontario**
Summary of Significant Accounting Policies

March 31, 1999

Funds Invested

Funds are invested in high quality fixed income instruments subject to the investment guidelines of the Financial Administration Act and the guidelines and limitations as set by the office of The Public Guardian and Trustee with emphasis on preservation of capital and maximizing return. These securities are reflected at cost adjusted for the amortization of premiums or discounts on purchase over the period to maturity, where these securities are intentionally held to maturity.

Stocks and Bonds of Estates and Trusts

Stocks and bonds of Estates and Trusts are recorded at their market value at the time of taking over the Estates and Trusts. An annual adjustment to market value is made, as a minimum, at December 31 each year, with occasional revaluations made during the year.

Real Estate

Real estate is recorded at appraised value at the time of incorporation of the trust and is subject to periodic revaluations.

Life Insurance

Life insurance is recorded at its cash surrender value at the time of incorporating the trust and is subject to valuation every two years.

Foreign Currency Translation

Foreign currency amounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

Capital Assets

Items of a capital nature are charged to operations in the year of acquisition.

Use of Estimates

The preparation of financial statements in accordance with the accounting policies noted above requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

**The Public Guardian and Trustee
for the Province of Ontario**
Notes to Financial Statements

March 31, 1999

1. Funds Escheated to the Crown

The Public Guardian and Trustee is authorized by the Escheats Act to take possession of unclaimed property reverting to the Crown under the Succession Law Reform Act, Business Corporations Act, or common law. After a period of ten years, any property so received by The Public Guardian and Trustee which remains unclaimed is transferred to the Consolidated Revenue Fund of the Province.

During the year, \$1,256,800 (1998 - \$226,609) was transferred to the Province.

2. Transfers to Consolidated Revenue Fund

No transfers were made during the fiscal year 1998/99 to the Consolidated Revenue Fund of the Province.

Pursuant to Section 9(5) of The Public Guardian and Trustee Act, the Lieutenant Governor in Council may from time to time direct the payment into the Province's Consolidated Revenue Fund of any balance at the credit of the Administration Fund.

3. Pension Plan

The Public Guardian and Trustee provides pension benefits for its employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund established by the Province of Ontario. The Public Guardian and Trustee's share of contributions to these Funds during the year was \$905,148 (1998 - \$1,668,300) and is included in employee benefits in the Statement of Revenue and Expenditures - Administration Fund.

4. Mortgages and Securities in Trust

The Public Guardian and Trustee also acts as custodian of mortgages in the amount of \$396,209 (1998 - \$625,938) and miscellaneous securities and documents having a face value of \$9,209,469 (1998 - \$9,083,443). These amounts are not reflected in the financial statements as The Public Guardian and Trustee does not act as trustee but simply as custodian on behalf of the client.

**The Public Guardian and Trustee
for the Province of Ontario
Notes to Financial Statements**

March 31, 1999

5. Accrued Interest on Estates and Trusts

During 1997/98 fiscal year, the Organization changed its investment strategy and management as investment managers realigned the investment portfolios in conjunction with the amalgamation of the Accountant of the Ontario Court. The change resulted in unusual capital gains in the amount of \$9,867,579 which were to be allocated to the Estates and Trusts over a one year period through upward revisions in the Public Guardian and Trustee's prescribed interest rates. An accrual in the amount of \$7,206,875 was made to reflect the cumulative effect of the increase in prescribed interest rates to be paid out in the subsequent year as the capital gain has been reflected in operations in that year.

6. Contingencies

The Public Guardian and Trustee is involved in various legal actions arising in the normal course of operations, the outcome and ultimate disposition of which are not determinable at this time.

7. Statement of Changes in Cash Flows

A statement of changes in cash flows was not prepared as the information which it would contain is readily available from these financial statements.

8. Comparative Figures

Certain prior year comparative figures have been restated to conform to the current year's presentation

9. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

If the Year 2000 Issue is not addressed by the organization and its major suppliers and other third party business associates, the impact on the organization's operations and financial reporting may range from minor errors to significant systems failure which could affect the organization's ability to conduct normal business operations.

**The Public Guardian and Trustee
for the Province of Ontario
Schedule A - Funds Invested
(in thousands of dollars)**

For the year ended March 31	1999	1998
Cash (Bank indebtedness)	\$ (4,946)	\$ 2,131
Accrued interest	12,199	11,582
Short term investments	163,186	261,934
	170,439	275,647
Long term investments		
Corporate Bonds (i)	55,589	39,738
Federal Government (ii)	357,376	296,039
Ontario Hydro (iii)	52,261	35,390
Provincial Government (iv)	142,912	142,409
Financial Institutions (v)	143,627	120,605
	751,765	634,181
	\$ 922,204	\$ 909,828

Allocated as follows		
Estates and Trusts	\$ 862,748	\$ 845,802
Administration Fund	59,456	64,026
	\$ 922,204	\$ 909,828

Long term investments		Interest Rates	Cost	Market Value
(i)	Corporate Bonds			
	1 - 5 years	5.50 - 9.63%	\$ 39,550	\$ 40,193
	5 years +	5.65 - 5.75%	16,039	16,381
			55,589	56,574
(ii)	Federal Government			
	1 - 5 years	5.00 - 9.75%	244,025	243,543
	5 years +	6.00 - 7.25%	113,351	116,507
			357,376	360,050
(iii)	Ontario Hydro			
	1 - 5 years	5.38 - 10.00%	52,261	51,587
			52,261	51,587
(iv)	Provincial Government			
	1 - 5 years	7.50 - 9.75%	88,786	90,980
	5 years +	4.88 - 9.00%	54,126	56,724
			142,912	147,704
(v)	Financial Institutions			
	1 - 5 years	5.40 - 11.00%	104,170	103,108
	5 years +	5.10 - 8.15%	39,457	39,305
			143,627	142,413
			\$ 751,765	\$ 758,328

**The Public Guardian and Trustee
for the Province of Ontario
Schedule B - Other Assets
(in thousands of dollars)**

For the year ended March 31	1999	1998
Real estate	\$ 44,819	\$ 44,013
Stocks and other securities	29,226	28,538
Mortgages and loans receivable	1,356	1,666
Life insurance	2,726	2,792
Other	8,477	8,170
	86,604	85,179
Less: Mortgages and loans payable	(2,432)	(2,947)
	\$ 84,172	\$ 82,232

**Schedule C - Income from Funds Invested
(in thousands of dollars)**

For the year ended March 31	1999	1998
Income from investments	\$ 62,593	\$ 63,721
Bank interest	310	154
	62,903	63,875
Less: Interest allowed	(53,929)	(41,256)
Accrued interest on Estates and Trusts (Note 5)	-	(7,207)
	\$ 8,974	\$ 15,412

Balance sheet

December 31, 1998

(\$ millions)

	1998	1997
ASSETS		
Cash and cash equivalents	\$ 61	\$ -
Receivables	143	235
Investments (note 3)	8,607	8,029
Injured Workers' Retirement Fund (note 4)	273	221
Capital and other assets (note 5)	254	236
	\$ 9,338	\$ 8,721
LIABILITIES		
Bank indebtedness (note 6)	\$ -	\$ 87
Payables and accruals	489	710
Mortgage payable (note 7)	74	75
Injured Workers' Retirement Fund (note 4)	273	221
Benefits liability (note 8)	15,600	15,685
	16,436	16,778
UNFUNDED LIABILITY	(7,098)	(8,057)
	\$ 9,338	\$ 8,721

On behalf of the Board of Directors:


Glen Wright, Chair
Director

Eileen Mercier,
Director

The accompanying notes form an integral part of the financial statements.

Statement of operations & unfunded liability

For the Year Ended December 31, 1998

(\$ millions)

CURRENT OPERATIONS	1998	1997
REVENUES		
Premiums for current year	\$ 1,722	\$ 1,886
Investment (note 3)	997	849
	2,719	2,735
EXPENSES		
Benefit costs (note 8)	2,177	2,294
Net increase in the Injured Workers' Retirement Fund (note 4)	52	48
Administrative and other (note 9)	336	341
Legislated obligations and commitments (note 10)	125	117
	2,690	2,800
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES		
FROM CURRENT OPERATIONS	29	(65)
Premiums for unfunded liability	930	683
Changes legislated by Bill 99 (note 8)	-	1,785
EXCESS OF REVENUES OVER EXPENSES APPLIED TO REDUCE THE UNFUNDED LIABILITY	959	2,403
Unfunded liability, beginning of year	8,057	10,460
Unfunded liability, end of year	\$ 7,098	\$ 8,057

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

For the Year Ended December 31, 1998

(\$ millions)

	1998	1997
INVESTING CASH FLOWS		
Investment income	\$ 445	\$ 340
Sales of investments	2,851	9,622
Purchases of investments	(2,872)	(10,010)
Net cash provided/(shortfall) from investing activities	424	(48)
OPERATING CASH FLOWS		
Current Operations		
Cash received from:		
Current premiums	1,640	1,884
Cash paid to:		
Claimants, survivors and care providers	(2,262)	(2,249)
Injured Workers' Retirement Fund	(52)	(48)
Employees and suppliers for administrative goods and services	(364)	(299)
Others under legislated obligations	(123)	(100)
	(2,801)	(2,696)
<i>Net cash required by current operations</i>	(1,161)	(812)
Cash received from unfunded liability premiums	885	681
CASH REQUIRED BY OPERATIONS	(276)	(131)
Increase/(decrease) in cash and cash equivalents	148	(179)
Cash and cash equivalents, beginning of year	(87)	92
Cash and cash equivalents, end of year	\$ 61	\$ (87)

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

December 31, 1998

1. NATURE OF OPERATIONS

The Workplace Safety & Insurance Board (WSIB), formerly the Workers' Compensation Board, is a statutory corporation first created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workplace Safety and Insurance Act, 1997*. Bill 99, the *Workers' Compensation Reform Act*, received royal assent and was passed into law on October 10, 1997. It came into force on January 1, 1998, introducing wide-ranging changes to the workplace safety and insurance system in Ontario and changing the name of the Workers' Compensation Board to Workplace Safety and Insurance Board (WSIB) effective January 1, 1998.

The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides compensation to workers who sustain injuries arising from and in the course of employment, or who contract an occupational disease.

The WSIB administers the *Workplace Safety and Insurance Act, 1997*, for two groups of employers referred to as Schedule 1 and Schedule 2. Schedule 1 relates to services and industries in which employers are insured through "collective liability" and are required to contribute to the WSIB Insurance Fund whereas Schedule 2 relates to employers who are "self-insured," in that they are individually liable. The Federal Government, which is covered under a separate agreement with Human Resources Development Canada, is also treated as a Schedule 2 employer. The WSIB pays the actual cost of claims for Schedule 2 workers and is reimbursed by those employers for the claims paid, as well as for the cost of prevention activities and administering the claims. In addition, investment revenue is earned from a diversified investment portfolio held as a reserve to meet future obligations on existing claims.

The WSIB does not receive government funding or other assistance and raises funds through premium rates being applied to the payrolls of Ontario's Schedule 1 employers covered under the *Workplace Safety and*

Insurance Act, 1997, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational disease.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money market instruments with maturities up to three months.

Investments

a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

b) Equities and real estate

Equities and real estate are carried at cost adjusted towards fair value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a four-year period.

c) Short-term securities

Short-term securities consist of money market instruments with maturities between three and twelve months and are carried at cost. Gains and losses from sales are included in income in the year they occur.

d) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. The cash and cash equivalents are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

Fair values of investments

Fair values of investments are determined as follows:

Bonds and equities are valued at year-end quoted prices where available. Where quoted prices are not available, estimated fair values are calculated based upon the yields and values of comparable marketable securities.

Short-term notes, treasury bills and term deposits maturing within a year are valued at cost, which together with accrued interest income approximates fair value given the short-term nature of these instruments.

Real estate is valued based on appraised values conducted on a cyclical basis.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Fair value of other financial assets and liabilities

The fair values of other financial assets and liabilities, being cash, receivables, bank indebtedness, payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

Injured Workers' Retirement Fund

Investments held in the Injured Workers' Retirement Fund are carried at fair value. Changes in fair values are taken into income of the Injured Workers' Retirement Fund in the year they occur.

Capital assets and depreciation

Capital assets are stated at cost. Capital assets are depreciated using the straight-line method at rates calculated to expense the cost of assets over their estimated useful lives which, in the case of buildings and equipment, are 20 years and 5 years respectively. Buildings are carried at cost and include development, financing and other costs capitalized prior to becoming fully operational, at which time depreciation commences.

Premium revenue for current operations and unfunded liability

Premium revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Workplace Safety and Insurance Act, 1997*, adjusted for claim experience where relevant.

Schedule 2 employers are individually liable to pay the benefits under the *Workplace Safety and Insurance Act, 1997*, with respect to the workers employed. Reimbursements for claims paid and cost of administering the claims are included in the premiums of the WSIB.

Included in premium revenue are reimbursements by Schedule 2 employers for claims paid, as well as for the cost of administering the claims.

Under the *Workplace Safety and Insurance Act, 1997*, the Board shall determine the total amount of the premiums to be paid by all Schedule 1 employers with respect to each year in order to maintain the Insurance Fund under this Act.

Premiums for unfunded liability

Under the *Workplace Safety and Insurance Act, 1997*, the WSIB determines premium rates to maintain the sufficiency of the Insurance Fund. In advance of the fiscal year, the WSIB notifies Schedule 1 employers of the methods used to calculate these rates, the premiums payable and the payment schedule. Premium rates include a specified component that is applied to reduce the unfunded liability.

Benefits liability

The benefits liability is determined annually through an actuarial valuation and represents a provision for future payments relating to claims incurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the adjudication practices in effect at December 31, 1998 and legislation enacted January 1, 1998.

The benefits liability does not include any provision for payment of claims relating to Schedule 2 as they are a liability of Schedule 2.

Provision has not been made for future administration costs of incurred claims. Similarly, provision has not been made for the cost of future claims for occupational diseases, or for the future cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.

3. INVESTMENTS AND INVESTMENT REVENUE

The carrying value of investments comprises investments at a cost of \$9,597 million (1997: \$8,901 million) including accrued investment income, plus adjustments towards a fair value of \$447 million (1997: \$366 million), less unamortized net gains realized on the sale of investments of \$1,437 million (1997: \$1,238 million). Investments by category of investment are as follows:

(\$ millions)

	1998		1997	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed Income Securities				
Bonds	\$ 3,181	\$ 3,847	\$ 2,970	\$ 3,564
Mortgages	6	6	6	6
	3,187	3,853	2,976	3,570
Equities				
Domestic	2,638	3,032	2,319	2,912
Foreign - U.S.	367	919	1,099	1,546
- Global	2,085	2,606	1,335	1,757
	5,090	6,557	4,753	6,215
Real Estate	255	271	228	236
Short-term Securities				
Money market instruments	1	1	-	-
Accrued investment income	74	74	72	72
	\$ 8,607	\$ 10,756	\$ 8,029	\$ 10,093

The WSIB engages in a securities lending program whereby securities are loaned to borrowers, approved by the WSIB and the custodian, for a fee, against high quality collateral. At December 31, 1998, the fair value of securities on loan was \$2,505 million (1997: \$1,841 million).

Foreign investments are exposed to currency risk. Derivative instruments are used for the sole purpose of hedging foreign currency transactions to better manage and reduce currency risk. Such instruments are valued at year-end market prices. The notional amount of foreign currency contracts hedging investments in foreign currencies totalled \$321 million at December 31, 1998 (1997: \$83 million). Their related fair value at year-end was \$323 million (1997: \$84 million). The contracts mature in the first three months of 1999.

Revenue by category of investment is as follows:

(\$ millions)

	1998	1997
Bonds	\$275	\$259
Equities	725	583
Mortgages	0	4
Short-term securities	2	6
	1,002	852
Injured Workers' Retirement Fund	15	10
Investment expenses	(20)	(13)
Investment revenue	\$997	\$849

In 1998, \$612 million (1997: \$519 million) of realized and unrealized net gains were amortized to investment revenue.

Bonds by term to maturity as at December 31:

(\$ millions)

	Up to 1 year	1 - 5 years	Term to maturity 5 - 10 years	Over 10 year	Less unamortized gain	1998	1997
Government bonds							
Carrying value		\$1,443	\$851	\$786	\$462	\$2,618	\$2,532
Fair value		1,465	900	862		3,227	3,076
Yield %		4.8	4.9	5.3		5.0	5.6
Corporate bonds							
Carrying value	\$7	\$225	\$148	\$220	\$37	\$563	\$438
Fair value	7	228	151	234		620	488
Yield %	5.3	5.0	5.6	6.0		5.5	6.0
Total							
Carrying value						\$3,181	\$2,970
Fair value						3,847	3,564
Yield %						5.1	5.6

The average effective yield reflects the result obtained by dividing the estimated annual income of a security (based on its coupon or dividend rate) by its fair value at December 31.

4. INJURED WORKERS' RETIREMENT FUND

Under section 44 of the *Workers' Compensation Act* and Regulations of Ontario R.S.O. 1990 (which continues to apply to injuries and diseases prior to January 1, 1998), the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of that *Act*. In accordance with the provisions of that *Act*, these funds are segregated from the WSIB's Insurance Fund and are invested to provide for retirement income benefits for injured workers.

Under section 45 of the new *Workplace Safety and Insurance Act, 1997*, effective January 1, 1998, the WSIB will set aside 5 per cent rather than 10 per cent of a workers' loss of earnings benefits for his/her retirement fund for new claims. The injured worker may choose to contribute a further 5 per cent from his/her loss of earnings benefits. The amount is set aside only after the worker has received payments for loss of earnings for 12 continuous months. Since the *Workplace Safety and Insurance Act, 1997*, took effect January 1, 1998, the 5 per cent set aside will first occur on January 1, 1999.

Bonds by term to maturity as at December 31:

(\$ millions)

	Term to maturity				1998	1997
	Up to 1 year	1 - 5 years	5 - 10 years	Over 10 years		
Government bonds						
Fair value		\$38	\$14	\$25	\$77	\$82
Yield %		4.9	5.2	5.3	5.1	5.6
Corporate bonds						
Fair value	\$2	\$12	\$10	\$5	\$29	\$18
Yield %	5.3	5.4	5.8	6.2	5.7	6.1
Global bond pooled fund					\$8	\$6
Yield %					13.9	1.4
Total						
Fair value					\$114	\$106
Yield %					6.4	5.5

5. CAPITAL AND OTHER ASSETS

(\$ millions)

	1998		1997
	Cost	Net Book Value	Net Book Value
Buildings and leasehold improvements	\$ 203	\$ 165	\$ 169
Equipment	133	32	16
	336	197	185
Other assets	57	57	51
	\$393	\$ 254	\$ 236

Depreciation expense in 1998 was \$20 million (1997: \$15 million).

6. BANK INDEBTEDNESS

The bank indebtedness represents cheques issued before the end of the year which are outstanding, net of the cash balance. The WSIB maintains a \$150 million line of credit with a commercial bank, which is unsecured.

The fair value of the fund at December 31 is as follows:

(\$ millions)

	1998	1997
Cash	\$ 4	\$ 0
Bonds	114	106
Equities - Domestic	91	66
- Foreign Global	51	38
Money market instruments	11	9
Accrued investment income	2	2
	\$ 273	\$ 221

In 1998, the net increase in the Injured Workers' Retirement Fund was \$52 million (1997: \$48 million). This net increase resulted from funds set aside pursuant to section 44 of the *Act* in the amount of \$44 million (1997: \$43 million), together with \$15 million (1997: \$10 million) earned on its investments, less \$7 million (1997: \$5 million) paid as retirement pensions.

7. MORTGAGE PAYABLE

The WSIB is a 75 per cent participant in the co-ownership agreement of its head office building. To partially fund the development and construction of the building, the WSIB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

8. BENEFITS LIABILITY AND BENEFIT COSTS

Benefits liability represents an actuarially determined provision for future benefit payments relating to incurred claims that were discounted to present value at the assumed net investment returns as shown below.

Estimates of future benefit payments refer to both reported and unreported claims which have arisen from work-related injuries and occupational diseases that occurred on or before December 31, 1998 and are based on the level and nature of entitlement, as prescribed by legislation

enacted January 1, 1998, and on adjudication practices in effect at December 31, 1998.

The benefits liability was determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments reflects long-term estimates of economic and actuarial assumptions and methods, which were based upon past experience, modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of future benefit payments. The following key long-term economic

assumptions were used in the actuarial valuation of the benefits liability:

	1998	1997
Inflation rate	4%	4%
Rate of indexation of benefits		
- Fully indexed	4%	4%
- Partially indexed	1%	1%
Net investment return		
- Fully indexed	3%	3%
- Partially indexed	6%	6%
Wage and health care costs escalation rate	5%	5%

Benefits liability provision for benefit costs and benefit costs paid in 1998 were as follows:

(\$ millions)

	1998						1997	
	Long-term Disability	Labour Market Re-entry Income Support	External Providers	Short-term Disability	Health Care	Survivor Benefits	Total	Total
Benefits liability, beginning of year	\$11,401	\$1,052	\$213	\$453	\$1,129	\$1,437	\$15,685	\$17,425
Benefit costs	1,353	(64)	37	317	371	163	2,177	2,294
Changes legislated by Bill 99								(1,785)
							17,862	17,934
Benefit costs paid during the year								
- Schedule 1	(1,198)	(185)	(42)	(241)	(206)	(173)	(2,045)	(2,034)
- Schedule 2	(109)	(13)	(3)	(41)	(23)	(21)	(210)	(210)
- Injured Workers' Retirement Fund	(7)	-	-	-	-	-	(7)	(5)
	(1,314)	(198)	(45)	(282)	(229)	(194)	(2,262)	(2,249)
Benefits liability, end of year	\$11,440	\$790	\$205	\$488	\$1,271	\$1,406	\$15,600	\$15,685

Benefit costs paid include the following:

(\$ millions)

	Schedule 1		Schedule 2	
	1998	1997	1998	1997
Long-term disability				
- Worker pensions	\$ 578	\$ 583	\$ 63	\$ 66
- Supplements	251	254	18	19
- Future economic loss	290	268	19	17
- Non-economic loss	79	91	9	11
	1,198	1,196	109	113
Labour market re-entry				
- Income support	185	252	13	18
- External providers	42	53	3	3
	227	305	16	21
Short-term disability	241	229	41	41
Health care				
- Health care	188	196	21	23
- Medical reports	18	18	2	2
	206	214	23	25
Survivor benefits	173	90	21	10
	\$ 2,045	\$ 2,034	\$ 210	\$ 210

Mortality was estimated based on the WSIB's mortality experience of 1991 - 1995 for injured workers and on the Ontario Life Tables adjusted on the basis of WSIB's mortality projections for survivors of deceased workers. Full provision has been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes the amount provided for future payments of incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year, when independent actuarial valuations are performed. The actuarial cost of claims for reported and unreported work-related accidents that occurred in the year are recorded under benefit costs, together with adjustments, if any, resulting from the continuous review of entitlements, experience, or from changes in legislation, assumptions or methods.

Effective January 1, 1998, Bill 99 introduced the labour market re-entry program for 1998 and future claims, to replace a part of the vocational rehabilitation program. Accordingly, the benefits liability for rehabilitation of \$1,265 million as at December 31, 1997 has been allocated to its component liabilities of provisions for income support (\$1,052 million) and external providers (\$213) million to reflect the changes in legislation.

9. ADMINISTRATIVE AND OTHER EXPENSES

Administrative and other expenses consist of the following:

(\$ millions)	1998	1997
Salaries and employee benefits	\$ 227	\$ 218
Equipment depreciation and maintenance	22	19
Occupancy	29	28
Communication	11	10
Supplies and services	16	12
Miscellaneous	12	8
Travel and vehicle maintenance	5	4
Year 2000 project	8	0
	330	299
Restructuring	6	42
	\$ 336	\$ 341

10. RELATED PARTY TRANSACTIONS

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997*, the WSIB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. In 1998 the WSIB was required to fund the operating costs of the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Adviser and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WSIB is directed by the Lieutenant Governor, through Orders in Council, to make these payments. The WSIB is also committed to provide funding for the Institute for Work and Health, Farm Safety

Association and Safe Workplace Associations. The total amount of funding provided under these legislated obligations and commitments in 1998 was \$125 million (1997: \$117 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations of \$298 million (1997: \$283 million).

Other

In addition to the legislated obligations and accident prevention expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WSIB may be considered related. Such transactions are conducted on terms and conditions similar to those transactions with unrelated parties. Account balances resulting from these transactions are not significant.

11. COMMITMENTS AND CONTINGENCIES

Operating leases

At December 31, 1998, the WSIB was committed under non-cancellable operating leases requiring future minimum payments of approximately \$8 million per year over the next 5 years and aggregating to \$40 million thereafter.

Legal actions

The WSIB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WSIB.

Year 2000 Issue

The Year 2000 Issue arises from computing and microchip circuitry that use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900, or some other date, resulting in errors when calculations using Year 2000 are performed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effect of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant system malfunctions that could affect an entity's ability to conduct normal business operations. It is also not possible to be certain that all aspects of the Year 2000 Issue affecting the WSIB, including those related to the efforts of its customers, suppliers, or other third parties will be fully resolved.

12. PENSION PLANS

The WSIB has two pension plans for its employees and employees of the Safe Workplace Associations: the WSIB Employees' Pension Plan and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan

This is a contributory defined benefit pension plan which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WSIB.

An independent actuarial valuation performed as of December 31, 1998 has determined that the pension plan is in a surplus position. The accrued pension obligations of the contributory defined benefit plan reflect management's estimates of salary escalations, investment rate of return, mortality of members, terminations, and the ages at which members will retire.

As at December 31, 1998 the pension plan's funded status was as follows:

(\$ millions)		
	1998	1997
Pension assets	\$ 962	\$ 867
Accrued pension obligations	\$ 701	\$ 651

The WSIB Employees' Supplementary Pension Plan

This contributory defined benefit plan became effective on September 1, 1998 and was created to ensure that employees of the WSIB whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Income Tax Act* (Canada) receive pension benefits based on their total earnings. The investment activities and the administrative and accounting matters of the supplementary pension plan are administered by the WSIB.

An independent actuarial valuation was performed as at December 31, 1998. The accrued pension obligations of the contributory defined benefit plan reflect management's estimates of salary escalations, investment rate of return, mortality of members, terminations, and the ages at which members will retire.

As at December 31, 1998 the pension plan's funded status was as follows:

(\$ millions)	
	1998
Pension assets	\$ 0.2
Accrued pension obligations	\$ 5.0

Responsibility for financial reporting

The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WSIB's internal controls, practices and procedures.

The external auditors, KPMG LLP, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WSIB in accordance with generally accepted auditing standards. Their report outlines the scope of this independent audit and their opinion on the financial statements of the WSIB.

Eckler Partners Ltd., the independent consulting actuaries to the WSIB, express an opinion on the adequacy and appropriateness of the valuation of the WSIB's benefits liability.



David Williams
President and
Chief Executive Officer



Thomas Chan
Vice-President,
Finance and Corporate Services
and Chief Financial Officer

March 3, 1999

Auditors' report

*To the Workplace Safety and Insurance Board,
the Minister of Labour,
and to the Provincial Auditor*

Pursuant to the *Workplace Safety and Insurance Act* which provides that the accounts of the Workplace Safety and Insurance Board (WSIB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WSIB as at December 31, 1998 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WSIB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 1998 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Ontario

March 3, 1999

Consulting actuaries' report

Eckler Partners Ltd.

*Consulting Actuaries' Report on the Valuation of the
Benefits Liabilities of the Schedule 1 Insurance Fund of
The Workplace Safety and Insurance Board of Ontario as at December 31, 1998*

We have determined the estimated present value as at December 31, 1998 of future payments for short-term disability, long-term disability, labour market re-entry, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$15,600 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WSIB's financial statements. We consulted with the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In last year's valuation, we modified our assumptions regarding the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43 and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence, to reflect actual experience to date. For the purpose of this valuation, we continue to use the same assumptions as in the last valuation.

The present value also takes into account the provisions of Bill 165 which came into effect as of January 1, 1995, which affected the indexing of compensation and which provided for additional pension for certain categories of injured worker.

The present value also takes into effect the amendments to the *Act* contained in Bill 99, which came into effect as of January 1998, which affects the indexing of compensation, provides for reinstatement of benefits to survivors whose benefits were terminated for reason of remarriage prior to April 1, 1985 and affects the level of compensation and the level of payments for loss of retirement income in respect of accidents which occurred on and after January 1, 1998.

The valuation was based on the provisions of the *Workplace Safety and Insurance Act* and on the WSIB's administrative practices in effect as of January 1, 1999. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3 per cent per annum with respect to fully indexed benefits and 6 per cent per annum with respect to partially indexed benefits. The rates of net investment return were determined on the assumption that investment income in excess of these rates will be required to finance indexation of those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 4 per cent per annum, and the rate of indexation of benefits was therefore assumed to be 4 per cent per annum for fully indexed benefits and 1 per cent per annum for partially indexed benefits.

It was assumed that survival on loss of earnings benefits will follow WSIB experience for the years 1991-1996, modified after one year so that 6 per cent of lost-time accidents will still be receiving benefits after two years, decreasing at an average annual rate of 10 per cent until it reaches 60 per cent after six years from the date of the accident.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$15,600 million as at December 31, 1998 makes reasonable provision for future payments for short-term disability, long-term disability, labour market re-entry, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1998.



David A. Short, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler Partners Ltd.



Jill M. Flicht, F.S.A., F.C.I.A.

March 3, 1998

Ten-year history

Workplace Safety and Insurance Board Ten-Year Summary of the Statements of Operations and Unfunded Liability

(\$ millions)

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
REVENUES										
Premiums for current year (see note below)	\$1,722	\$1,886	\$1,917	\$1,953	\$1,864	\$1,969	\$2,171	\$2,505	\$2,596	\$2,678
Investment	997	849	711	593	499	521	453	450	440	409
	2,719	2,735	2,628	2,546	2,363	2,490	2,624	2,955	3,036	3,087
EXPENSES										
Benefits paid	2,262	2,249	2,371	2,385	2,331	2,435	2,444	2,342	2,059	1,782
Net increase (decrease) in benefits liability	(85)	(1,740)	50	(150)	(75)	400	760	1,440	1,220	2,117
Net increase in the 'Injured Workers' Retirement Fund	52	48	49	49	29	30	14	2	-	-
	2,229	557	2,470	2,284	2,285	2,865	3,218	3,784	3,279	3,899
Administrative and other	336	341	321	339	331	343	347	343	323	281
Legislated obligations	125	117	98	113	104	100	97	87	53	26
	2,690	1,015	2,889	2,736	2,720	3,308	3,662	4,214	3,655	4,206
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES	29	1,720	(261)	(190)	(357)	(818)	(1,038)	(1,259)	(619)	(1,119)
Premiums for unfunded liability (see note below)	930	683	693	700	487	314	357	-	-	-
Excess of revenues over expenses - applied to reduce the unfunded liability	959	2,403	432	510	130	(504)	(681)	(1,259)	(619)	(1,119)
Unfunded Liability beginning of year	8,057	10,460	10,892	11,402	11,532	11,028	10,347	9,088	8,469	7,350
Unfunded Liability end of year	\$7,098	\$8,057	\$10,460	\$10,892	\$11,402	\$11,532	\$11,028	\$10,347	\$9,088	\$8,469

Note: Premiums were not segregated into current and unfunded liability components for 1989 to 1991.

OTHER STATISTICS	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Schedule 1										
Average rate of assessment (per \$100 of payroll)	\$2.59	\$2.85	\$3.00	\$3.00	\$3.01	\$2.95	\$3.16	\$3.20	\$3.18	\$3.12
Total assessable payroll (\$ millions)	\$96,205	\$91,497	\$86,844	\$86,065	\$82,818	\$84,243	\$83,048	\$80,727	\$80,352	\$79,475
Number of WSIB employees as at December 31	4,057	3,966	4,373	4,597	4,603	4,751	4,909	5,139	5,138	4,611
Number of registered claims	342,687	341,178	345,606	371,837	370,444	368,485	377,019	409,946	473,407	467,212

Public sector salary disclosure 1998

Name	Position	Taxable Earnings	Benefits	Total Earnings
Abrams, Brenda	Legal Counsel II	\$102,599.92	\$185.25	\$102,785.17
Appleton, Clayton	VP, HR *	\$122,326.25	\$40.78	\$122,367.03
Adamo, Valerie	CIO	\$142,714.52	\$152.57	\$142,867.09
Allingham, Richard	Dir, Research	\$104,557.83	\$150.17	\$104,708.00
Anstey, Calvin	Dir, Transportation	\$101,618.35	\$179.23	\$101,797.58
Argue, Robert	Dir, IS	\$105,254.65	\$123.81	\$105,378.46
Aranshtam, Masha	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Arvais, James	Med Advisor	\$114,686.61	\$152.57	\$114,839.18
Belanger, Adele	Legal Counsel II	\$109,171.27	\$196.01	\$109,367.28
Bishop, Margaret	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Bodasing, Deamanie	Exec/Med Dir*	\$141,962.27	\$152.58	\$142,114.85
Boga, Amini	Med Co-ord	\$127,699.54	\$152.58	\$127,852.12
Bowman Leslie	Med Co-ord	\$129,422.94	\$152.58	\$129,575.52
Brown, Elizabeth	Legal Counsel II	\$107,425.93	\$192.95	\$107,618.88
Burton, Neil	Dir, IS	\$104,378.92	\$78.90	\$104,457.82
Cantlie, George	Med Co-ord	\$127,699.54	\$222.51	\$127,922.05
Chain, Marybelle	Med Advisor	\$114,686.84	\$200.68	\$114,887.52
Chan, Thomas	VP Finance	\$124,856.03	\$148.48	\$125,004.51
Colaco, Carmen	Med Co-ord	\$127,699.54	\$152.58	\$127,852.12
Coutinho, Jude	Med Advisor	\$100,382.35	\$183.67	\$100,566.02
Cude, Beverley	Dir, IS	\$104,250.55	\$177.21	\$104,427.76
De Demeter, Dorrit	Med Consultant	\$122,987.38	\$148.44	\$123,135.82
De Domenico, Ivan	Med Advisor	\$115,944.91	\$164.16	\$116,109.07
Djan, Patrick	Med Advisor	\$105,218.49	\$172.45	\$105,390.94
Douglas, Colin	Legal Counsel II	\$109,171.27	\$196.01	\$109,367.28
Douglas, Richard	Dir, ER	\$123,365.46	\$187.46	\$123,552.92
D'Souza, Irene	Med Advisor	\$109,800.04	\$152.55	\$109,952.59
Flynn, Miriam E	Legal Counsel II	\$104,114.07	\$189.03	\$104,303.10
Frame, Joy	Legal Counsel II	\$109,171.27	\$152.54	\$109,323.81
Garg, Swarn	Med Advisor	\$115,444.92	\$204.99	\$115,649.91
Geary, Judy	GM, Specialized Serv	\$116,631.52	\$179.39	\$116,810.91
Germansky, Martin	Med Advisor	\$115,444.92	\$204.99	\$115,649.91
Gibbs, Henry	VP, Investments	\$209,684.53	\$152.59	\$209,837.12
Gregoire, Jean	Chief Actuary	\$141,319.54	\$216.71	\$141,536.25
Hadjiski, Anna	Med Consultant	\$127,936.14	\$205.78	\$128,141.92
Hall, Nick M	Dir, Automotive	\$101,843.47	\$184.46	\$102,027.93
Heckadan, Robert	Med Co-ord	\$128,946.18	\$0.00	\$128,946.18
Hickman, Robert	Med Advisor	\$105,140.20	\$190.26	\$105,330.46
Ho, Michael	Clinical Training	\$128,354.58	\$152.58	\$128,507.16
Holness, D Linn	Chief Medical Officer	\$167,557.73	\$270.59	\$167,828.32
Halyake, Paul	VP, Legal	\$158,334.13	\$236.00	\$158,570.13
Horseman, Brock C	Sr. VP, Operations	\$197,115.58	\$205.75	\$197,321.33
Jolley, Linda	VP, Policy	\$157,542.27	\$234.38	\$157,776.65
Karr, A. Wm.	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Kelly, J. Brian	Med Co-ord	\$127,699.54	\$152.58	\$127,852.12

Name	Position	Taxable Earnings	Benefits	Total Earnings
Kosmidis, Elizabeth	Legal Counsel II	\$109,123.69	\$195.96	\$109,319.65
Lamanna, Pat	Dir, Small Bus	\$100,903.21	\$152.57	\$101,055.78
Lamoureux, Linda	Dir, Special Invest	\$127,082.74	\$221.19	\$127,303.93
Leshchysyn, Dana	Dir, Construction	\$103,875.09	\$175.46	\$104,050.55
Londry, David	Dir, IS	\$106,374.21	\$70.38	\$106,444.59
Langmore, Robert	Med Co-ord	\$112,449.28	\$0.00	\$112,449.28
Luck, Mary	Dir, Service	\$104,721.78	\$459.20	\$105,180.98
MacArthur, Angus	Med Consultant	\$127,699.54	\$222.51	\$127,922.05
Maehle, Waldemar	Med Advisor	\$108,954.60	\$192.25	\$109,146.85
Malayil, Ammini	Med Consultant	\$127,699.54	\$152.58	\$127,852.12
Mastrilli, Arcangelo	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
McKenna-Boot, Patricia	Med Advisor	\$103,776.37	\$53.10	\$103,829.47
Mitchell, William	Dir, IS	\$120,907.73	\$70.41	\$120,978.14
Painvin, Catherine	Dir, Clinical Resources	\$136,713.50	\$152.57	\$136,866.07
Peradavic, Nikola	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Prichett, Barry	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Ray, Marie	Med Co-ord	\$123,586.61	\$152.58	\$123,739.19
Schofield, Michel	Co-ordr Special Clinic	\$127,392.81	\$222.04	\$127,614.85
Sgro, Joseph	Dir, Quality	\$102,243.77	\$216.85	\$102,460.62
Shapiro, Gary	Med Advisor	\$115,444.92	\$152.61	\$115,597.53
Sherwin, Linda	Med Advisor	\$107,806.80	\$152.59	\$107,959.39
Simmons, Wayne	Dir, Investments	\$164,159.49	\$152.59	\$164,312.08
Slinger, John	Dir, Appeals	\$114,762.14	\$193.92	\$114,956.06
Stasila, Dave	Board Auditor	\$116,346.44	\$202.64	\$116,549.08
Sutherland, Daris	Pension Med Consult	\$127,699.54	\$152.58	\$127,852.12
Tabesh, Ali	Med Co-ord	\$127,699.54	\$222.51	\$127,922.05
Taraschuk, Ihar	Med Advisor	\$100,538.59	\$183.79	\$100,722.38
Thakur, Ranassree	Med Co-ordinator	\$127,699.54	\$152.58	\$127,852.12
Thamson, Garry	GM, Industry	\$135,429.95	\$205.78	\$135,635.73
Todorovic, Slavica	Dir, Benefit Policy	\$101,961.69	\$152.54	\$102,114.23
Walker, John	Med Advisor	\$114,385.15	\$203.54	\$114,588.69
Weatherbee, Wayne	GM, Small Bus	\$137,160.70	\$152.59	\$137,313.29
Welton, Ian	Dir, Revenue Policy	\$104,557.83	\$123.81	\$104,681.64
Williams, David	President & CEO	\$265,877.00	\$183.28	\$266,060.28
Wright, Glen	Chair	\$244,442.00	\$0.00	\$244,442.00
Yeandle-Hignell, James	Med Co-ordinator	\$129,083.12	\$222.30	\$129,305.42

* No longer with the WSIB on December 31, 1998.

The amount shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 1998 for retroactive pay from a reclassification or a grievance settlement or a payout upon retirement. The earnings shown may be less than the individual's annual rate of salary if the individual worked only part of the year.

ONTARIO HYDRO

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE

YEAR ENDED DECEMBER 31, 1998

AND THE

THREE MONTHS ENDED MARCH 31, 1999

ONTARIO HYDRO
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998 & THREE MONTHS ENDED MARCH 31, 1999

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MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Ontario Hydro are the responsibility of management and have been prepared in accordance with accounting principles generally accepted in Canada, applied on a basis consistent with that of the preceding year. Ontario Hydro chooses accounting principles appropriate to its circumstances. The significant accounting policies followed by Ontario Hydro are described in the Summary of Significant Accounting Policies contained in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 23, 1999.

Management maintained a system of internal controls designed to provide reasonable assurance that the assets were safeguarded and that reliable financial information was available on a timely basis. The system included formal policies and procedures and an organizational structure that provided for appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluated the effectiveness of these internal controls on an ongoing basis and reported its findings to management and the Audit Committee of the Ontario Hydro Board of Directors.

The financial statements have been examined by Ernst & Young LLP independent external auditors appointed by the Lieutenant Governor in Council of Ontario. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted

accounting principles. The Auditors' Report, which appears below, outlines the scope of their examination and their opinion.

For the three months ended March 31, 1999 and year ended December 31, 1998, the Ontario Hydro Board of Directors, through the Audit Committee, was responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal controls. The Audit Committee met periodically with management, the internal auditors and the external auditors to satisfy itself that each group had properly discharged its respective responsibility, and to review the financial statements before recommending approval by the Board of Directors. The external auditors had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Ontario Hydro's financial reporting and the effectiveness of the system of internal controls.

As at April 1, 1999 the Board of Directors of Ontario Hydro was dissolved and Ontario Hydro continues as the Ontario Electricity Financial Corporation (OEFC) with a new Board of Directors appointed pursuant to the Electricity Act, 1998.

On behalf of Ontario Hydro Management



President & Chief Executive Officer, Ontario Hydro,
as at March 31, 1999



Chief Financial Officer, Ontario Hydro,
as at March 31, 1999

Toronto, Canada,
June 23, 1999

AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS OF ONTARIO
ELECTRICITY FINANCIAL CORPORATION:**

We have audited the consolidated statement of financial position of Ontario Hydro as at March 31, 1999 and December 31, 1998 and the consolidated statements of operations and (deficit) retained earnings, and cash flows for the three months ended March 31, 1999 and year ended December 31, 1998. These financial statements are the responsibility of Ontario Hydro's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Ontario Hydro as at March 31, 1999 and December 31, 1998 and the results of its operations and its cash flows for the three months ended March 31, 1999 and year ended December 31, 1998 in accordance with generally accepted accounting principles.

Ontario Hydro's accounting policies differ from those followed by enterprises that are not rate-regulated as described in note 2(a) to these financial statements.

Ernst & Young LLP

Chartered Accountants

Toronto, Canada,
June 23, 1999

A-1

CONSOLIDATED STATEMENT OF OPERATIONS AND (DEFICIT) RETAINED EARNINGS

<i>(millions of dollars)</i>	Three Months Ended March 31	Year Ended December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Revenues			
Primary power and energy			
Municipal utilities	1,790	6,019	5,874
Retail customers	456	1,588	1,638
Direct industrial customers	265	917	924
	<u>2,511</u>	<u>8,524</u>	<u>8,436</u>
Secondary power and energy (note 3)	21	148	173
Other revenues	62	307	316
	<u>2,594</u>	<u>8,979</u>	<u>8,925</u>
Costs			
Operation, maintenance and administration	619	2,178	2,191
Fuel used for electric generation	141	350	697
Power purchased	232	845	839
Provincial government levies (note 4)	69	274	277
Depreciation and amortization (note 5)	402	1,512	1,578
	<u>1,463</u>	<u>5,159</u>	<u>5,582</u>
Income before financing charges, corporate write-offs and deferred pension asset adjustment	1,131	3,820	3,343
Financing charges (note 6)	<u>687</u>	<u>2,876</u>	<u>3,089</u>
Income before corporate write-offs and Deferred pension asset adjustment	444	944	254
Corporate write-offs (note 7)	-	-	(6,580)
Deferred pension asset adjustment (note 18)	-	887	-
Net income (loss)	<u>444</u>	<u>1,831</u>	<u>(6,326)</u>
Opening (deficit) retained earnings	(3,166)	(4,537)	2,552
Other post-employment benefits (note 16)	-	(460)	(763)
Net refunds on annexation by municipalities	(16)	-	-
Closing deficit	<u>(2,738)</u>	<u>(3,166)</u>	<u>(4,537)</u>

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(millions of dollars)	As at March 31	As at December 31	
	1999	1998	1997
ASSETS			
Fixed assets (note 8)			
Fixed assets in service	50,441	50,447	49,678
Less accumulated depreciation	<u>16,473</u>	<u>16,158</u>	<u>14,934</u>
	33,968	34,289	34,744
Construction in progress	<u>1,107</u>	<u>1,023</u>	<u>1,248</u>
	<u>35,075</u>	<u>35,312</u>	<u>35,992</u>
Current assets			
Temporary investments	245	225	-
Accounts receivable	1,106	1,113	1,104
Fuel for electric generation (note 10)	374	456	367
Materials and supplies, at cost	<u>342</u>	<u>359</u>	<u>322</u>
	<u>2,067</u>	<u>2,153</u>	<u>1,793</u>
Other assets			
Deferred debt costs	1,176	1,267	971
Deferred pension asset (note 18)	972	979	112
Long-term accounts receivable and other assets	<u>310</u>	<u>312</u>	<u>313</u>
	<u>2,458</u>	<u>2,558</u>	<u>1,396</u>
	<u>39,600</u>	<u>40,023</u>	<u>39,181</u>

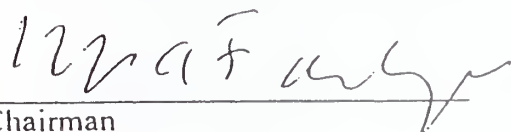
See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(millions of dollars)

	As at March 31	As at December 31	
	1999	1998	1997
LIABILITIES			
Long-term debt (note 11)	<u>26,194</u>	<u>25,856</u>	<u>24,920</u>
Current liabilities			
Bank indebtedness	10	60	37
Accounts payable and accrued charges	1,315	1,255	1,233
Short-term notes payable	2,751	2,837	2,870
Accrued interest	744	687	725
Long-term debt payable within one year (note 11)	<u>1,572</u>	<u>2,468</u>	<u>3,301</u>
	<u>6,392</u>	<u>7,307</u>	<u>8,166</u>
Other liabilities			
Other post-employment benefits	1,316	1,292	760
Unamortized swaption premiums (note 13)	11	21	92
Long-term accounts payable and accrued charges	593	608	548
Accrued fixed asset removal and used nuclear fuel disposal costs (note 14)	3,307	3,201	2,842
Provision for future costs (note 7)	<u>4,525</u>	<u>4,904</u>	<u>6,390</u>
	<u>9,752</u>	<u>10,026</u>	<u>10,632</u>
CONTINGENCIES & COMMITMENTS			
(notes 12&15)			
DEFICIENCY			
Deficit (note 16)	<u>(2,738)</u>	<u>(3,166)</u>	<u>(4,537)</u>
	<u>39,600</u>	<u>40,023</u>	<u>39,181</u>

Signed only as to the year ended December 31, 1998
on behalf of the Ontario Hydro Board of Directors


Chairman

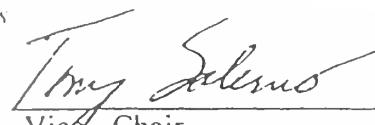
Toronto, Canada
February 25, 1999


President & Chief Executive Officer

Signed only as to the three months ended March 31, 1999
on behalf of the Ontario Electricity Financial Corporation Board of Directors


Chair

Toronto, Canada
June 23, 1999


Vice - Chair

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(millions of dollars)</i>	Three Months Ended March 31	Year Ended December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Operating activities			
Net income (loss)	444	1,831	(6,326)
Adjust for non-cash items			
Depreciation and amortization	402	1,512	1,578
Corporate write-offs	-	-	6,580
Deferred pension asset adjustment	-	(887)	-
Amortization of foreign exchange gains and losses	25	113	125
Provision for used nuclear fuel disposal costs	23	52	55
Interest on accrued provisions	45	160	164
Other	12	96	(34)
	<u>507</u>	<u>1,046</u>	<u>8,468</u>
	<u>951</u>	<u>2,877</u>	<u>2,142</u>
Provision for future costs			
Change in NAOP provision	(326)	(1,231)	-
Change in other provisions	(53)	(255)	-
	<u>(379)</u>	<u>(1,486)</u>	<u>-</u>
	572	1,391	2,142
Net change in non-cash balances related to operations (note 17)	<u>234</u>	<u>97</u>	<u>(116)</u>
	<u>806</u>	<u>1,488</u>	<u>2,026</u>
Investing activities			
Fixed assets	(136)	(865)	(852)
Other assets	(13)	(78)	(109)
	<u>(149)</u>	<u>(943)</u>	<u>(961)</u>
Change in cash position before financing activities	657	545	1,065
Financing activities			
Debt for long-term financing			
Issued	1,000	5,698	2,321
Retired	(1,587)	(5,899)	(3,257)
Net financing activities	(587)	(201)	(936)
Re-issuance of debt for long-term financing previously redeemed	-	-	770
Cash paid on settlement of swaptions	-	(142)	(292)
	<u>(587)</u>	<u>(343)</u>	<u>(458)</u>
Net change in cash and cash equivalents	70	202	607
Cash and cash equivalents at beginning of period	<u>165</u>	<u>(37)</u>	<u>(644)</u>
Cash and cash equivalents at end of period (note 9)	<u>235</u>	<u>165</u>	<u>(37)</u>

See accompanying notes to financial statements.

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SUPPLEMENTARY STATEMENT*

RESTATEMENT OF CONSOLIDATED STATEMENT OF OPERATIONS AND (DEFICIT) RETAINED EARNINGS

(Isolating the effect of 1997 provision for future costs)

(millions of dollars)	Three Months Ended March 31	Year Ended December 31	
	1999	1998	1997
Revenues			
Primary power and energy			
Municipal utilities	1,790	6,019	5,874
Retail customers	456	1,588	1,638
Direct industrial customers	265	917	924
	<u>2,511</u>	<u>8,524</u>	<u>8,436</u>
Secondary power and energy	21	148	173
Other revenues	62	307	316
	<u>2,594</u>	<u>8,979</u>	<u>8,925</u>
Costs			
Operation, maintenance and administration	763	2,767	2,191
Fuel used for electric generation	308	1,040	697
Power purchased	259	923	839
Provincial government levies	69	274	277
Depreciation and amortization	418	1,595	1,578
	<u>1,817</u>	<u>6,599</u>	<u>5,582</u>
Income before financing charges, corporate write-offs, deferred pension asset adjustment and transfer to 1997 provision for future costs	777	2,380	3,343
Financing charges	<u>712</u>	<u>2,922</u>	<u>3,089</u>
Income before corporate write-offs, deferred pension asset adjustment and transfer to 1997 provision or future costs	65	(542)	254
Corporate write-offs		-	(6,580)
Deferred pension asset adjustment	-	887	-
Transfer to 1997 provision for future costs	<u>379</u>	<u>1,486</u>	<u>-</u>
Net income (loss)	444	1,831	(6,326)
Opening (deficit) retained earnings	(3,166)	(4,537)	2,552
Other post-employment benefits (note 16)	-	(460)	(763)
Net refunds on annexation by municipalities	(16)	-	-
Closing deficit	<u>(2,738)</u>	<u>(3,166)</u>	<u>(4,537)</u>

In 1997, Ontario Hydro's Board of Directors used its rate-setting authority to establish a provision for future costs against which certain expenditures, primarily related to the nuclear recovery program, would be charged as incurred from 1998 to 2001. This Supplementary Statement isolates the effect upon the 1999 and 1998 results of operations of charging certain costs of the year to the 1997 provision for future costs.

NOTES TO FINANCIAL STATEMENTS

1. RESTRUCTURING OF THE ONTARIO ELECTRICITY INDUSTRY AND EVENTS SUBSEQUENT TO MARCH 31, 1999

The North American electrical utility industry has undertaken initiatives to move away from traditional monopolies towards competitive models that are more conducive to customer choice. On October 30, 1998, the Government of Ontario (Government) enacted The Energy Competition Act, 1998 (ECA) to restructure the Ontario electricity industry and introduce competition during the year 2000.

Prior to the restructuring, Ontario Hydro was a vertically integrated, rate-regulated electricity utility. On April 1, 1999 Ontario Hydro was restructured into a number of successor entities, as follows:

- Ontario Power Generation Inc. (OPG) is a generation company;
- Ontario Hydro Services Company Inc. (OHSC) is a regulated transmission and distribution business, and operates certain energy service businesses in an unregulated business environment;
- Independent Electricity Market Operator (IMO) is a non-profit corporation, which is the independent system co-ordinator responsible for directing system operations and operating the electricity market;
- Electrical Safety Authority (ESA) is a non-profit corporation, which will carry out electrical inspections previously conducted by Ontario Hydro; and
- Ontario Electricity Financial Corporation (OEFC) is the continued Ontario Hydro entity with the objectives of managing debt, administering assets, liabilities, rights and obligations not transferred to a successor entity, and acting as administrator of the existing pension plan until arrangements are completed to transfer assets and liabilities to the new pension plans of the successor entities.

On April 1, 1999 each successor entity acquired Ontario Hydro's respective business operations in exchange for debt and equity securities equal to the fair values. The fair values were based on the present value of expected future operating results. Ontario Hydro's debt remained with OEFC.

Stranded debt is defined as debt that the successor entities could not service as commercial entities in a competitive market. Stranded debt has been determined, on a preliminary basis, by assigning fair values to OPG, OHSC, and the IMO, and subtracting these values from Ontario Hydro's total debt and liabilities. Using this methodology, the stranded debt is estimated at \$21 billion as per the Ministry of Finance announcement of April 1, 1999. The actual stranded debt will be known once a final determination can be made for other items; principally valuing power purchase obligations (note 15).

The Government has identified that certain of the OEFC's revenue streams in the new electricity market (e.g. payments-in-lieu of corporate income and capital taxes made by the new restructured companies and local distribution utilities) will be dedicated to service stranded debt.

The Province of Ontario (Province) continues to guarantee all existing Ontario Hydro debt.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in Canada, applied on a basis consistent with that of the preceding year. The significant accounting policies followed by Ontario Hydro are described below.

a) Rate setting

Up to March 31, 1999, Ontario Hydro had broad powers to generate, supply and deliver electric power throughout the Province of Ontario. The Corporation operated under the Power Corporation Act (PCA) and was subject to the provisions of the Ontario Energy Board Act.

Under the provisions of the PCA, the price payable by municipal and other Ontario power customers was the cost of supplying the power. Such cost was defined in the PCA to include the cost of operating and maintaining the power system, the cost of energy conservation programs, depreciation, interest and the annual amounts for statutory debt retirement (SDR) and stabilization of rates and contingencies.

Under the provisions of the Ontario Energy Board Act, a public hearing before the Ontario Energy Board (OEB) was required to review any changes in electricity rates proposed by Ontario Hydro which affect its municipal utilities, direct industrial customers, or, if the Minister of Energy so directed, rural retail customers. The OEB tabled its recommendations with the Minister of Energy, Science and Technology. After considering the recommendations of the OEB, Ontario Hydro's Board of Directors, under the authority of the PCA, established the electricity rates to be charged to customers.

The Board of Directors may have specified for rate-setting purposes that an amount be included in the determination of the operating results of a period which differed from the period in which it would have been recognized under generally accepted accounting principles for enterprises operating in a non-rate-regulated environment. If so, the accounting treatment given the amount was the same as its treatment for rate-setting purposes. This authority of the Board of Directors could have been used in respect of a specific transaction or an accounting policy.

Ontario Hydro's accounting policies relating to the deferral of discounts and premiums arising from the acquisition of debt prior to maturity and foreign exchange gains and losses on United States dollar-denominated short-term financing replacing United States dollar-denominated long-term debt, which has been redeemed prior to maturity, reflected the rate-setting treatment of these items as specified by the Board of Directors. Under generally accepted accounting principles for enterprises operating in a non-rate-regulated environment, these amounts would have been included as gains or losses of the current period (see note 2 g).

In 1994, the Board of Directors used its rate-setting authority to specify that costs of the rehabilitation program for steam generators at Pickering A and B and Bruce A Nuclear Generating Stations be deferred for recovery in future periods. Under generally accepted accounting principles for enterprises operating in a non-rate-regulated environment these costs would have been expensed as incurred.

In 1996, the Board of Directors used its rate-setting authority to charge the nuclear recovery expenditures planned to be incurred over the period 1997 to 2001 to operations in 1996. In 1997, as a result of the Nuclear Asset Optimization Plan (NAOP), which included the planned nuclear recovery expenditures, the Board of Directors used its rate-setting authority to specify that the incremental costs associated with improving nuclear performance, specifically NAOP and other related costs, to be incurred over the period 1998 to 2001, be charged to operations in 1997. This rate-setting treatment was selected to enable Ontario Hydro to meet its SDR requirement over the period 1998 to 2001. As a result of the Board's decision, the related costs were not recovered through rates and represented a loss which was provided for in 1997. Under generally accepted accounting principles for enterprises operating in a non-rate-regulated environment, these costs would have been expensed as incurred (see note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Directors also used its rate-setting authority to specify that certain additional future costs be charged to operations in 1997 (see note 7). Under generally accepted accounting principles for enterprises operating in a non-rate-regulated environment, these costs would have been expensed as incurred.

b) Consolidation

The consolidated financial statements include the financial statements of Ontario Hydro and its wholly-owned subsidiaries Ontario Hydro International Inc. (OHI Inc.) and Ontario Hydro Interconnected Markets Inc. (OHIM Inc.). OHI Inc. was incorporated under the Business Corporations Act (Ontario) and was established as a subsidiary of Ontario Hydro in September, 1993. OHIM Inc. was incorporated on July 9, 1996 under the General Corporation Law of the State of Delaware in the United States. Both OHI Inc. and OHIM Inc. publish separate financial statements.

c) Fixed assets

Fixed assets in service include operating facilities, non-operating reserve facilities, and heavy water contained in nuclear generating stations. Construction in progress includes fixed assets under construction.

Fixed assets are capitalized at cost which comprises material, labour, engineering costs, overheads, depreciation on service equipment, interest applicable to capital construction activities, and for new facilities, the costs of training initial operating staff. In the case of generating facilities, the cost also includes the net cost of commissioning which comprises the cost of start-up less the value attributed to energy produced by generation facilities during their commissioning period. For multi-unit facilities, a proportionate share of the cost of common facilities is placed in service with each major operating unit. The cost of heavy water comprises the direct cost of production plus applicable overheads, as well as interest and depreciation on the heavy water production facilities and the estimated removal costs of these facilities. Leases which transfer the benefits and risks of ownership of assets to Ontario Hydro are capitalized.

Interest is capitalized on construction in progress at rates, which approximate the average cost of long-term debts, as follows:

1999	9.2%
1998	9.4%
1997	9.6%

If the construction period of a project is extended and the construction activities are continued, interest is capitalized during the period of extension provided that the project has a reasonable expectation of being completed.

If a project is deferred as a result of a management decision and there is a reasonable expectation of completion, interest capitalization ceases and amortization for any loss in value commences.

If a project is cancelled or deferred indefinitely with a low probability of construction being resumed, all costs, including the costs of cancellation, are written off to operations.

If fixed assets are removed from operations and mothballed for future use, mothballing costs are charged to operations. These assets are classified as non-operating reserve facilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d) Depreciation

The capital costs of fixed assets in service are depreciated on a straight-line basis. Depreciation rates for the various classes of assets are based on their estimated service lives. Major components of fossil and nuclear generating stations are depreciated over the lesser of the service life expectancy of the major component or the remaining service life of the associated generating station. Hydroelectric generating stations are assumed to have a perpetual life. Major components of hydroelectric generating stations are depreciated over the service life expectancy of the component, ranging from 25 to 100 years. Heavy water in nuclear generating stations is depreciated over the remaining service life of the associated station with the exception of heavy water in Pickering Nuclear Generating Station (NGS) A, which is depreciated to the year 2032, since this heavy water is planned to be used to maintain operating levels in the remaining nuclear plants once Pickering NGS A has completed its useful life. The estimated service lives of assets in the major classes are:

Generating stations	- fossil	40 years
	- nuclear	40 years
Transmission and distribution facilities		10 to 100 years
Administration and service facilities		5 to 50 years

In accordance with group depreciation practices, the costs of normal fixed asset retirements are charged to accumulated depreciation. However, gains and losses on sales of fixed assets and losses on premature retirements are charged to operations as adjustments to depreciation expense.

When the net costs of removal of fixed assets can be reasonably estimated and are significant, provisions for these costs are charged to depreciation expense on an annuity basis prospectively over the remaining service life of the related fixed assets. Removal costs that are provided for include the estimated costs of decommissioning nuclear and fossil stations and the estimated costs of removing certain nuclear reactor fuel channels. Other removal costs are charged to depreciation expense as incurred.

The estimated service lives of fixed assets and the significant assumptions underlying the estimates of fixed asset removal costs are subject to periodic review. Any changes arising out of such a review are implemented on a remaining service life basis from the year the changes can first be reflected in electricity prices.

Non-operating reserve facilities are amortized so that any estimated loss in value during the non-operating period is charged to depreciation expense on a straight-line basis over their expected non-operating period.

e) Fuel for electric generation

Fuel used for electric generation comprises the average inventory costs of fuel consumed, less the value attributed to energy produced during the commissioning phase of placing a new or refurbished unit (i.e. after replacement of fuel channels or steam generators) in service, plus provisions for disposal of nuclear fuel used during the period. The cost of fuel inventory comprises fuel purchases, transportation and handling costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The provision for disposal of used nuclear fuel is charged to operations based on estimated future expenditures and interest accumulating to the estimated date of disposal. Effective January 1, 1998, estimates of disposal costs which do not vary with the amount of fuel to be disposed of ("fixed" disposal costs) are charged to operations on an annuity basis over the estimated service lives of the associated nuclear stations. Estimates of disposal costs which vary with the amount of fuel to be disposed of ("variable" disposal costs) are charged to operations based on the present value of the future estimated disposal costs attributable to the fuel bundles used in that period. Prior to 1998, nuclear fuel provisions were charged to operations based on the present value of the future estimated disposal costs, fixed and variable, attributable to the fuel bundles used in that period. The impact of this change is an increase in costs of approximately \$83 million per year plus interest on the increase in accumulated provision.

Estimates of expenditures, interest and escalation rates, and the date of disposal are subject to periodic review. Adjustments resulting from changes in any of these factors are charged to operations on an annuity basis prospectively over the remaining years the nuclear units will be in operation.

f) Foreign currency translation

Current monetary assets and liabilities denominated in foreign currencies are translated to Canadian currency at year-end rates of exchange and the resulting exchange gains or losses are credited or charged to operations. Long-term debt payable in foreign currencies is translated to Canadian currency at year-end rates of exchange. Resulting unrealized exchange gains or losses are deferred and included in deferred debt costs, and are amortized to operations on an annuity basis over the remaining life of the related debt.

Foreign exchange gains or losses on hedges of long-term debt payable in foreign currencies are deferred and included in deferred debt costs. The deferred gains or losses on hedges are amortized to operations on an annuity basis in the periods the hedges provide benefit.

Foreign exchange gains or losses on early redemption of long-term debt, including subsequent gains and losses on short-term replacement financing, are deferred and included in deferred debt costs if the exposure in the foreign currency related to the redeemed debt is continued by refinancing the redeemed debt in the same currency. These deferred gains or losses are amortized on an annuity basis over the period to the original maturity date of the redeemed debt (see note 2a).

If the foreign currency exposure is reduced as a result of the early redemption of debt, the resulting foreign exchange gains or losses related to the redeemed debt are credited or charged to operations.

g) Deferred debt costs

Deferred debt costs include the unamortized amounts related to unrealized foreign exchange gains or losses resulting from the translation of foreign currency long-term debt; deferred foreign exchange gains or losses on hedges; deferred foreign exchange gains or losses on the early redemption of long-term debt; discounts or premiums arising from the issuance of debt or the acquisition of debt prior to maturity; discounts or premiums accrued on foreign currency hedges; and net unamortized premiums on settled, exercised or expired swaption contracts.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Discounts or premiums arising from the issuance of debt are amortized over the period to maturity of the debt on an annuity basis when the term of the debt exceeds one year and on a straight-line basis when the term is one year or less. Discounts or premiums on debt acquired prior to the date of maturity are amortized on an annuity basis over the period from the acquisition date to the original maturity date of the debt (see note 2a). Discounts or premiums on foreign currency hedges are credited or charged to operations on an annuity basis over the terms of the individual hedges. Net unamortized premiums on settled, exercised or expired swaption contracts are amortized on an annuity basis over the period from the settlement, exercise or expiry date to the original maturity date of the related debt.

h) Pension plan

The pension plan is a contributory, defined benefit plan covering all regular employees of Ontario Hydro. Pension costs for accounting purposes are actuarially determined using the projected benefit method prorated on services and based on assumptions that reflect management's best estimate of the effect of future events on the actuarial present value of accrued pension benefits. Pension plan assets are valued using current fair values and pension plan adjustments are amortized on a straight-line basis over the expected average remaining period of service of the employees covered by the Ontario Hydro pension plan (see note 18).

In the last quarter of 1998, Ontario Hydro adopted the new method of accounting for pension costs recently approved by the Canadian Institute of Chartered Accountants (CICA). The effect of this was to change the discount rate used to determine pension costs and obligations from a long-term average rate to a current market settlement rate. This change had no significant impact on the financial statements for the year ended December 31, 1998.

i) Other post-employment benefits

In addition to pension benefits, Ontario Hydro provides group life insurance and health-care benefits to its retired employees and, in certain cases, their surviving spouses and unmarried dependents. As well, Ontario Hydro provides long-term disability benefits to qualifying employees during extended absences from work due to sickness or injury.

Prior to January 1, 1997, the costs of other post-employment benefits (OPEB) were charged to operations as the benefits were paid. Effective January 1, 1997, Ontario Hydro implemented accrual accounting for OPEB whereby the expected costs of providing those benefits are charged to operations as employees render services. Accordingly, the costs of OPEB are actuarially determined for accounting purposes based on assumptions that reflect management's best estimates of the effect of future events on the actuarial present value of the accrued benefits. The transition obligation arising on conversion to accrual accounting was charged to retained earnings on January 1, 1997 (see note 16). In 1998, the Corporation changed the discount rate used to measure the OPEB obligation from a long-term average rate to a current market settlement rate. The transition amount resulting from this change was charged to the deficit in 1998 (see note 16).

j) Research and development

Research and development (R&D) costs related directly to the design or construction of a specific fixed asset are capitalized as part of the cost of the asset. R&D costs incurred to discharge long-term obligations, and for which specific provision has already been made, are charged to the related provision. All other R&D costs are charged to operations in the year incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k) Applications software and the Year 2000 expenditures

Ontario Hydro capitalizes major applications software acquisition costs when future benefit is reasonably assured. Expenditures incurred to address the Year 2000 Issue are charged to operations as incurred, unless existing assets are replaced with new versions or completely new systems. In this case, the expenditures are capitalized consistent with the accounting for any acquisition project.

3. SECONDARY POWER AND ENERGY

Secondary power and energy revenues include \$10 million for the three months ended March 31, 1999 (1998: \$111 million, 1997: \$158 million) from sales of electricity to United States utilities.

4. PROVINCIAL GOVERNMENT LEVIES (*millions of dollars*)

	Three Months Ended March 31	Year Ended December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Provincial water rentals	30	119	121
Provincial debt guarantee fee	<u>39</u>	<u>155</u>	<u>156</u>
	<u>69</u>	<u>274</u>	<u>277</u>

Provincial water rentals are paid to the Province for the use of water for hydroelectric generation. The debt guarantee fee, equal to one half of one percent on the total debt guaranteed by the Province outstanding as of the preceding December 31, is a legislated payment made by Ontario Hydro to the Province.

5. DEPRECIATION AND AMORTIZATION (*millions of dollars*)

	Three Months Ended March 31	Year Ended December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Depreciation of fixed assets in service	398	1,447	1,438
Fixed asset removal costs	<u>4</u>	<u>65</u>	<u>140</u>
	<u>402</u>	<u>1,512</u>	<u>1,578</u>

6. FINANCING CHARGES (*millions of dollars*)

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	Three Months Ended March 31 <u>1999</u>	Year Ended December 31	
		<u>1998</u>	<u>1997</u>
Interest on bonds, notes and other debt - long-term	611	2,603	2,778
- short-term	34	155	114
Interest on accrued fixed asset removal and used nuclear fuel disposal costs	<u>45</u>	<u>160</u>	<u>164</u>
	690	2,918	3,056
Less:			
Interest charged to			
- construction in progress	7	39	51
- fuel for electric generation	-	-	1
Interest earned on investments	<u>14</u>	<u>33</u>	<u>33</u>
	21	72	85
Interest charged to operations	669	2,846	2,971
Foreign exchange	<u>18</u>	<u>30</u>	<u>118</u>
	<u>687</u>	<u>2,876</u>	<u>3,089</u>

7. CORPORATE WRITE-OFFS (*millions of dollars*)

	Year Ended December 31 <u>1997</u>
Nuclear recovery	4,595
Other future expenditures	1,495
Staff reduction and employee relocation costs	238
Bruce Nuclear Generating Station A	170
Surplus buildings and equipment and associated business exit costs	<u>82</u>
	<u>6,580</u>

There were no corporate write-offs during the three months ended March 31, 1999 and year ended December 31, 1998. In 1997, the Board of Directors of Ontario Hydro approved a number of charges and write-offs to operations, totalling \$6,580 million, to 1997 operations. Two of these charges were for future costs expected to be incurred over the 1998 to 2001 period, which, under GAAP for enterprises operating in a non-rate-regulated environment, would be expensed as incurred. Accordingly, these charges required use of the Board's rate-setting authority, to establish a provision for future costs. The first such charge was for additional future costs associated with improving nuclear performance, specifically the Nuclear Asset Optimization Plan (NAOP) and other related costs such as replacement energy and interest. While Ontario Hydro expects to incur additional costs of \$4,895 million for the improvement of nuclear performance, the charge to 1997 operations was \$4,595 million, before using a \$300 million provision made in a previous year for planned nuclear recovery expenditures. The second charge, of \$1,495 million, was for additional future costs associated with transmission and distribution assets, nuclear decommissioning and used fuel disposal provisions.

7. CORPORATE WRITE-OFFS (*millions of dollars*)

The remaining \$490 million in charges to 1997 operations did not require use of the Board's rate-setting authority and related to the following:

- A charge of \$238 million to cover the costs associated with a targetted reduction of 850 staff, including those expected to become surplus to Corporate needs before the end of 1998, and costs associated with the large-scale staff relocations required under the NAOP.
- A write-off of \$170 million in capital project expenditures associated with the three units of Bruce Nuclear Generating Station A that were laid-up in 1998. Management's assessment was that the related capital projects would have no future benefit due to the lengthy duration of the lay-up.
- A write-off of \$82 million associated with certain buildings and equipment identified as surplus due to Hydro's transition toward a more competitive environment and to reflect the wind-up of several small ancillary business ventures.

The following table shows the extent to which the provision for future costs was used in 1998 and the three months ended March 31, 1999.

	Three months ended March 31 <u>1999</u>	Year ended December 31 <u>1998</u>
Opening balance	<u>4,904</u>	<u>6,390</u>
Charges		
Operation, maintenance and administration	144	589
Fuel used for electric generation	167	690
Power purchased	27	78
Depreciation and amortization	16	83
Financing charges	<u>25</u>	<u>46</u>
	<u>379</u>	<u>1,486</u>
Closing balance	<u><u>4,525</u></u>	<u><u>4,904</u></u>

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8. FIXED ASSETS (*millions of dollars*)

		As at March 31 1999		As at December 31 1998		As at December 31 1997	
		Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Generating Stations	Hydroelectric	2,755	901	2,755	881	2,723	898
	Fossil	5,462	2,896	5,457	2,854	5,377	2,658
	Nuclear	24,868	6,984	24,850	6,792	24,591	6,082
Heavy Water		3,946	986	3,946	961	3,946	863
Transmission & distribution facilities		11,493	3,674	11,525	3,615	11,252	3,094
Administration & service facilities		1,917	1,032	1,914	1,055	1,789	1,339
Fixed Assets in Service		50,441	16,473	50,447	16,158	49,678	14,934

Nuclear steam generator rehabilitation costs (*millions of dollars*)

Ontario Hydro has undertaken a major program to rehabilitate steam generators at the Pickering A and B Nuclear Generating Stations. The costs of the program, which will continue until 2001, are being deferred and amortized over the remaining service lives of the individual generators commencing as each generator is returned to service.

The deferred nuclear steam generator rehabilitation amounts included in fixed assets, construction in progress and accumulated depreciation are detailed as follows:

	As at March 31 1999	As at December 31 1998	As at December 31 1997
Fixed Assets	152	152	116
Less: Accumulated Depreciation	<u>23</u>	<u>19</u>	<u>14</u>
Subtotal	129	133	102
Construction in Progress	<u>-</u>	<u>-</u>	<u>24</u>
Total	<u>129</u>	<u>133</u>	<u>126</u>

9. CASH AND CASH EQUIVALENTS *(millions of dollars)*

Cash and cash equivalents consist of investments in money market instruments (temporary investments with original maturities of less than three months), and outstanding cheques (bank indebtedness). Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Temporary investments	245	225	-
Bank indebtedness	<u>(10)</u>	<u>(60)</u>	<u>(37)</u>
	<u>235</u>	<u>165</u>	<u>(37)</u>

10. FUEL FOR ELECTRIC GENERATION *(millions of dollars)*

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Inventories - uranium	154	151	161
- coal	187	261	188
- oil	<u>33</u>	<u>44</u>	<u>18</u>
	<u>374</u>	<u>456</u>	<u>367</u>

11. LONG-TERM DEBT *(millions of dollars)*

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Bonds and notes payable	27,735	28,291	28,188
Capital lease obligations	<u>31</u>	<u>33</u>	<u>33</u>
	27,766	28,324	28,221
Less payable within one year	<u>1,572</u>	<u>2,468</u>	<u>3,301</u>
	<u>26,194</u>	<u>25,856</u>	<u>24,920</u>

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11. LONG-TERM DEBT (millions of dollars)

Bonds and notes payable, expressed in millions of Canadian dollars, are summarized by years of maturity in the following table:

Years of Maturity	As at March 31 1999				As at December 31					
	Principal Outstanding			Weighted Average Interest Rate	Principal Outstanding			Weighted Average Interest Rate	1997	
	CDN	Foreign	Total		CDN	Foreign	Total		Principal Outstanding	Weighted Average Interest Rate
				percent				Percent	Total	Percent
1 year	1,150	419	1,569		2,050	415	2,465		3,297	
2 years	2,077	153	2,230		1,551	-	1,551		2,504	
3 years	2,000	755	2,755		1,525	932	2,457		1,552	
4 years	3,097	-	3,097		4,448	-	4,448		2,426	
5 years	1,148	64	1,212		1,398	-	1,398		4,447	
Subtotal	9,472	1,391	10,863	9.2	10,972	1,347	12,319	9.1	-	
6 - 10 years	5,198	1,132	6,330	7.0	4,198	1,216	5,414	7.2	14,226	8.9
11 - 15 years	2,164	1,132	3,296	9.9	2,164	1,148	3,312	9.9	2,363	8.5
16 - 20 years	648	-	648	10.0	648	-	648	10.0	3,219	10.6
21 - 25 years	3,633	-	3,633	10.0	3,633	-	3,633	10.0	1,997	8.9
26 years and over	2,965	-	2,965	8.9	2,965	-	2,965	8.9	2,675	10.3
	24,080	3,655	27,735	8.9	24,580	3,711	28,291	8.9	3,708	9.1
									28,188	9.3

The weighted average interest rate represents the effective rate of interest on fixed-rate bonds and notes and the current interest rate in effect at March 31, 1999 for floating-rate bonds and notes, all before considering the effect of derivative financial instruments used to manage interest rate risk. Bonds and notes payable are either held, or guaranteed as to principal and interest, by the Province.

Bonds and notes payable include:

	As at March 31 1999	As at December 31 1998	1997
Bonds and Notes Payable			
Ontario Hydro bonds ¹			
Canadian	1,500	500	-
US	-	-	193
Callable Bonds ²			
Canadian	2,765	2,765	3,116
US	-	-	253
Weighted average coupon rates	11.5%	11.7%	11.4%

¹ These are held by the Province having terms identical with those of the Province of Ontario issues sold on behalf of Ontario Hydro.

² Bonds callable by Ontario Hydro are at fixed prices on dates before their stated maturities, which are over the period 2002 to 2012. These bonds are callable at a weighted average call price equal to 100% of the bond's principal amounts callable on specific dates within the period 1999 to 2005.

As described in note 12, Ontario Hydro has used various derivative financial instruments to hedge the foreign exchange exposure related to long-term debt denominated in foreign currencies and to manage the interest rate risk associated with its outstanding long-term debt.

12. DERIVATIVE FINANCIAL INSTRUMENTS

Ontario Hydro has used a variety of derivative financial instruments to manage foreign exchange and interest rate risk. The table below summarizes outstanding positions in foreign exchange derivative financial instruments:

(millions of stated currency)		March 31 1999			December 31 1998			1997
		Maturing within 12 months	Maturing beyond 12 months	Total	Maturing within 12 months	Maturing beyond 12 months	Total	Notional Principal Outstanding
Forward exchange contracts								
Purchased forward	US \$	-	-	-	95	-	US\$95	US\$1,242
	CHF	7	-	CHF 7	10	-	CHF 10	CHF 11
Sold forward	US \$	-	-	-	51	-	US\$51	US\$ 55
Cross-currency swap contracts								
Ontario Hydro receives:								
United States dollar	US \$	202	105	US \$307	202	105	US\$ 307	US\$ 307
Swiss franc	CHF	-	150	CHF 150	-	150	CHF 150	CHF 150
Japanese yen	¥	-	5,000	¥ 5,000	-	5,000	¥5,000	¥5,000
New Zealand dollar	NZ \$	-	-	-	-	-	-	NZ\$ 100
Australian dollar ⁽¹⁾	AU \$	568	-	AU \$568	568	-	AU\$ 568	AU\$ 568
Canadian dollar	Cdn \$	-	423	Cdn \$423	-	423	Cdn\$ 423	Cdn\$ 423
Ontario Hydro pays:								
United States dollar	US \$	441	363	US \$804	441	363	US\$ 804	US\$ 873
Australian dollar ⁽¹⁾	AU \$	260	-	AU \$260	260	-	AU\$ 260	AU\$ 260
Canadian dollar	Cdn \$	-	279	Cdn \$279	-	279	Cdn\$ 279	Cdn\$ 280

⁽¹⁾ Periodic swaps denominated in Japanese yen

Forward exchange contracts. Ontario Hydro has entered into forward exchange contracts to hedge against the impact of a potential decline in the value of the Canadian dollar in 1999, and to manage the foreign exchange risk associated with its long-term debt. Forward exchange contracts have also been entered into to hedge firm commitments for future purchases and sales denominated in a foreign currency.

Cross currency swap contracts. Ontario Hydro has entered into cross currency swap contracts to effectively convert principal and interest payments on selected debt issues into Canadian or United States dollars.

The following table summarizes the currencies in which Ontario Hydro's long-term debt, bank indebtedness and short-term notes are payable, before and after giving effect to Ontario Hydro's foreign exchange risk management activities related to debt:

(millions of dollars)	March 31 1999		December 31			
	Principal Outstanding millions of dollars		1998 Principal Outstanding millions of dollars		1997 Principal Outstanding millions of dollars	
	Before Hedging	After Hedging	Before Hedging	After Hedging	Before Hedging	After Hedging
Canadian dollars	26,311	26,147	26,941	26,786	26,691	26,817
United States dollars	3,704	4,380	3,756	4,435	3,865	4,311
Australian dollars ⁽¹⁾	295	-	289	-	287	-
Swiss francs	153	-	167	-	147	-
New Zealand dollars	-	-	-	-	83	-
Japanese yen	64	-	68	-	55	-
	30,527	30,527	31,221	31,221	31,128	31,128

⁽¹⁾ Coupon payments denominated in Japanese yen.

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12. DERIVATIVE FINANCIAL INSTRUMENTS**Interest rate risk management instruments**

The following table summarizes outstanding positions in interest rate derivative financial instruments:

(millions of stated currency)	March 31 1999			December 31 1998			1997
	Notional principal outstanding			Notional principal outstanding			Notional principal outstanding
	Maturing within 12 months	Maturing beyond 12 months	Total	Maturing within 12 months	Maturing beyond 12 months	Total	Total
<i>Swaption contracts sold</i>							
<i>Ontario Hydro potentially pays fixed</i>	Cdn\$ - US\$ -	Cdn\$496 -	Cdn\$496 -	Cdn\$100 -	Cdn\$496 -	Cdn\$596 -	Cdn\$692 US\$193
<i>Interest rate swap contracts</i>							
<i>Ontario Hydro receives fixed</i>	Cdn\$ Cdn\$765 US\$ US\$323	Cdn\$1,648 US\$403	Cdn\$2,413 US\$726	Cdn\$765 US\$323	Cdn\$1,648 US\$403	Cdn\$2,413 US\$726	Cdn\$3,591 US\$826
<i>Ontario Hydro pays fixed</i>	Cdn\$ Cdn\$726 US\$ US\$466	Cdn\$2,433 US\$613	Cdn\$3,159 US\$1,079	Cdn\$2,576 US\$466	Cdn\$2,487 US\$613	Cdn\$5,063 US\$1,079	Cdn\$7,215 US\$1,893
<i>Forward rate agreements</i>							
<i>Ontario Hydro pays forward</i>	Cdn\$ - US\$ -	-	-	- US\$175	-	- US\$175	Cdn\$450 US\$850
<i>Bond options purchased</i>	Cdn\$ - US\$ -	-	-	-	-	-	Cdn\$150 US\$105
<i>Forward bond purchases</i>	Cdn\$ -	-	-	Cdn\$160	-	Cdn\$160	-

Swaption contracts: In 1993, Ontario Hydro converted future potential interest savings, related to call options embedded in certain of its bonds, to cash by selling offsetting swaption contracts. These contracts permit holders to require Ontario Hydro to enter into interest rate swaps commencing on the call date. If exercised, the swaptions result in Ontario Hydro making payments based on a fixed interest rate equal to the related bonds' coupon rates, and receiving floating rate payments.

United States dollar-denominated swaptions may be cash settled on their exercise dates. Premiums received from the sale of these contracts are being amortized to income, as a reduction of interest expense, over the remaining terms of the related bond issues.

Interest rate swap contracts: As at March 31, 1999, the outstanding receive-fixed interest rate swap contracts have effectively converted fixed interest rates on long-term debt to floating interest rates. These contracts have maturity dates over the period 1999 to 2026 (1998: 1999 to 2026; 1997: 1998 to 2026). The outstanding pay-fixed interest rate swap contracts have effectively converted floating interest rates on outstanding debt into fixed interest rates. These contracts have maturity dates over the period 1999 to 2027 (1998: 1999 to 2027; 1997: 1998 to 2027).

Forward rate agreements: Prior to 1999, Ontario Hydro had entered into forward rate agreements to manage its exposure to short-term interest rates.

Bond options: Prior to 1999, Ontario Hydro had purchased options to buy long-term government bonds to mitigate the adverse impact of a potential decline in long-term interest rates on its fixed-rate debt.

Forward bond purchases: Prior to 1999, Ontario Hydro had entered into forward purchase contracts for Government of Canada bonds to manage its exposure to short-term interest rates.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the total amount of long-term debt, short-term notes and bank indebtedness maturing or subject to interest rate resetting within one year and after one year, before and after giving effect to Ontario Hydro's interest rate risk management activities:

(millions of dollars)	<i>As at March 31, 1999</i>			
	Before interest rate risk management activities	Weighted average interest rate (percent)	After interest rate risk management activities	Weighted average interest rate (percent)
Matures or reprices				
- within one year	4,334	6.2	3,232	6.3
- after one year	26,193	9.1	27,295	9.3
	30,527	8.7	30,527	8.9

(millions of dollars)	<i>As at December 31, 1998</i>			
	Before interest rate risk management activities	Weighted average interest rate (percent)	After interest rate risk management activities	Weighted average interest rate (percent)
Matures or reprices				
- within one year	5,365	5.8	4,273	5.8
- after one year	25,856	9.1	26,948	9.2
	31,221	8.5	31,221	8.7

(millions of dollars)	<i>As at December 31, 1997</i>			
	Before interest rate risk management activities	Weighted average interest rate (percent)	After interest rate risk management activities	Weighted average interest rate (percent)
Matures or reprices				
- within one year	7,104	5.8	3,619	6.6
- after one year	24,024	9.6	27,509	9.0
	31,128	8.7	31,128	8.7

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13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CREDIT RISK (*millions of dollars*)**Fair Value**

The following table presents the carrying amounts and fair values of Ontario Hydro's financial instruments:

	As at March 31		As at December 31			
	1999		1998		1997	
	Carrying Value	Fair Value ⁽¹⁾	Carrying Value	Fair Value ⁽¹⁾	Carrying Value	Fair Value ⁽¹⁾
Financial Assets						
Forward exchange contracts	-	-	-	-	53	55
Cross currency swap contracts	69	79	93	116	53	55
Interest rate swap contracts	33	222	25	258	33	238
Bond options	-	-	-	-	-	1
Financial Liabilities						
Forward exchange contracts	-	1	1	1	-	-
Long-term debt	27,735	34,062	28,291	35,073	28,188	34,700
Swaption contracts	11	63	21	97	92	245
Cross currency swap contracts	197	131	224	193	188	129
Interest rate swap contracts	98	458	94	503	111	428
Forward rate agreements	-	-	-	1	-	1

⁽¹⁾Period-end and Year-end quoted market prices for specific or similar instruments are used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value. For over-the-counter derivative financial instruments, the fair value is determined using pricing models that take into account the current value of the underlying instruments, the time value of money, and mid-market yield curve and volatility factors. The carrying values of cash, temporary investments, accounts receivable, bank indebtedness, short-term notes payable and accounts payable and accrued charges approximate fair value because of the short maturity of those instruments.

Credit Risk

Financial assets expose Ontario Hydro to credit risk and concentration of credit risk. As at March 31, 1999, there were no significant concentrations of credit risk with respect to any class of financial assets. Derivative financial instruments expose Ontario Hydro to credit risk, since there is a risk of counter party default. This risk is limited to the cost of replacing contracts in which Ontario Hydro has an unrealized gain.

Credit risk is monitored and minimized by dealing only with a diverse group of highly rated counter parties. In addition, as a means of further reducing its credit exposure on derivative financial instruments, Ontario Hydro enters into master netting agreements with its counter parties to enable it to settle derivative financial assets and liabilities with the counter party on a net basis in the event that the counter party defaults. The existence of these master netting agreements had the effect of reducing Ontario Hydro's current credit risk exposure on derivative financial assets from \$437 million to \$86 million as at March 31, 1999 (1998: from \$374 million to \$152 million; 1997: from \$349 million to \$142 million).

14. ACCRUED FIXED ASSET REMOVAL AND USED NUCLEAR FUEL DISPOSAL COSTS (*millions of dollars*)

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Accrued fixed asset removal costs			
accrued decommissioning costs	1,059	1,042	962
accrued fuel channel removal costs	<u>699</u>	<u>674</u>	<u>616</u>
	1,758	1,716	1,578
Accrued used nuclear fuel disposal costs	<u>1,549</u>	<u>1,485</u>	<u>1,264</u>
	<u>3,307</u>	<u>3,201</u>	<u>2,842</u>

Accrued fixed asset removal costs

Accrued fixed asset removal costs are the costs of decommissioning nuclear and fossil generating stations and heavy water production facilities after the end of their service lives, and the costs of removing certain fuel channels and steam generators, which are expected to be replaced during the life of the nuclear reactors. The significant assumptions used in estimating future fixed asset removal costs are consistent with 1998:

- decommissioning of nuclear generating stations in the 2042 to 2071 period on a deferred dismantlement basis (dismantlement following storage with surveillance for a 30-year period after shutdown of the reactors), and an average transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;
- interest and cost escalation rates through to 2071 ranging from:

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Interest Rates	6% to 8%	6% to 8%	6% to 9%
Cost Escalation Rates	2% to 4%	2% to 4%	2% to 5%

- removal and replacement of certain fuel channels and steam generators in nuclear generating stations during the following periods:

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Bruce "A" Units 3&4	2001-2008	2006-2008	2005-2008
Pickering "B"	2008-2012	2009-2014	2013-2017
Bruce "B"	2010-2013	2011-2017	2015-2018
Darlington	2016-2019	2016-2022	2022-2024

- decommissioning of fossil generating stations in the 2006 to 2025 period.

The significant assumptions underlying the estimates of accrued fixed asset removal costs are subject to periodic review. These assumptions, as well as the existing methods and technology used for decommissioning, fuel channel removal and replacement, and steam generator replacement are subject to change which could result in changes to these costs.

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14. ACCRUED FIXED ASSET REMOVAL AND USED NUCLEAR FUEL DISPOSAL COSTS**Accrued used nuclear fuel disposal costs**

The significant assumptions used in estimating the future used nuclear fuel disposal costs are consistent with 1998:

- an in-service date of the year 2025 for permanent disposal facilities;
- an average transportation distance of 1,000 kilometres from nuclear generating facilities to disposal facilities;

	<u>1999</u>	<u>1998</u>	<u>1997</u>
Interest Rates	6% to 8%	6% to 8%	6% to 9%
Cost Escalation Rates	2% to 4%	2% to 4%	2% to 5%

The significant assumptions underlying the estimates of accrued used nuclear fuel disposal costs are subject to periodic review. These assumptions, as well as the existing methods and technology used for used fuel disposal, are subject to change which could result in changes to these costs.

15. CONTINGENCIES & COMMITMENTS (*millions of dollars*)**Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in 1999 in some systems which use the digits "99" in a date field to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

The Corporation is in the process of completing a significant program designed to upgrade or replace affected systems on which it and its customers depend, prior to the year 2000. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting Ontario Hydro, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Renewable Energy Technology Program Class Action

In 1997, a class action suit was commenced on behalf of all bidders in the renewable energy technology program based on allegations of misrepresentation and bad faith in requesting bids and carrying on discussions with bidders prior to cancellation of the project. The plaintiffs named Ontario Hydro, as well as, certain individual officers of Ontario Hydro as defendants. The plaintiffs seek declaratory relief and damages in the amount of \$250 million for loss of income and profits, loss of opportunity, conversion of trade secrets, and exemplary, aggravated and punitive damages. A motion to certify the class was argued in November, 1998 and in December the Court refused to certify the action. Subject to appeal rights, the action may now proceed as a claim by the named plaintiff, and the damages claimed would be reduced substantially. At this time, the outcome of this claim is not determinable, and as such, no provision has been accrued in Ontario Hydro's financial statements with respect to any amounts in dispute. However, Ontario Hydro believes it has no liability, and that the damages claimed are, in any event, excessive.

15. CONTINGENCIES & COMMITMENTS (*millions of dollars*)**Municipal electric utilities' lawsuit**

On April 24, 1997 three municipal electric utilities (Applicants) issued a notice of application against Ontario Hydro for which they have since received certification as a class proceeding on behalf of all municipal electric utilities in Ontario. No supporting affidavit materials have been served. The Applicants seek declarations that certain rates and pricing options offered by Ontario Hydro to corporations contravene the provisions of the PCA and, that these rates and pricing options have improperly increased costs to the municipal electric utilities who purchase their power from Ontario Hydro. They also seek recovery of these increased costs in the amount of \$145 million. They further seek a declaration that Ontario Hydro has improperly diverted, from revenues derived from the sale of power to municipal electric utilities, monies, of an indeterminate amount, which should have been used to reduce the cost of power being supplied to these municipal electric utilities. They are also seeking declarations that Ontario Hydro has breached legislative provisions prescribing the operation of the Reserve for Stabilization of Rates and Contingencies and the equity account, and an order requiring Ontario Hydro to replenish the equity account in the amount of \$5.0 billion. Ontario Hydro has denied the allegations, and believes that it has valid and meritorious defences against such allegations and will, in due course, file responding materials. At this time, the outcome of these claims is not determinable.

Bruce Nuclear Generating Station A

As a result of the NAOP, Ontario Hydro laid-up the three operating units at Bruce Nuclear Generating Station A over the Spring of 1998. Consistent with the phased recovery approach adopted for NAOP, these three units plus Bruce A Unit 2, which was shut down in 1995, are currently planned to be returned to service within the period 2003 to 2009.

In the event that a future decision is made not to return the four Bruce A units to service, a loss would have to be recognized. The current estimate of such a loss is about \$1,050 million, which takes into account the undepreciated book value of the generating and heavy water assets, the carrying value of remaining construction in progress amounts, and the impact of recognizing unaccrued net fixed asset removal provisions.

Power purchase agreements (*millions of dollars*)

Ontario Hydro committed to the purchase of a portion of its electricity requirements, pursuant to long-term contractual Power Purchase Agreements (PPAs), with various power producers.

The PPAs expire on various dates from 1999 to 2048. Other details are:

	As at March 31	As at December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
In-service Capacity (megawatts)	1,670	1,864	1,584
Net present value of purchase obligations over 20 years (\$)	6,689	6,910	6,203

Estimated annual payments for purchase obligations range from \$755 million to \$865 million over the next five years.

15. CONTINGENCIES & COMMITMENTS (*millions of dollars*)

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Deliveries in the aggregate for the first three months of 1999 account for approximately 8.0% of Ontario Hydro's total electric energy requirements (1998: 7.6%, 1997: 7.2%). The amount of energy received and the total payments made under these agreements are:

	Three Months ended March 31	Year ended December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Gigawatthours received	<u>3,043</u>	<u>11,108</u>	<u>10,366</u>
Power Purchases (\$)	<u>217</u>	<u>680</u>	<u>642</u>

Ontario Hydro has issued a Request for Expressions of Interest for the financial restructuring of its power purchase contracts with independent power producers in Ontario.

Loan Guarantees

Ontario Hydro is contingently liable under guarantees given to third-party lenders who have provided long-term financing to certain independent power producers. These guarantees total approximately \$157 million as at March 31, 1999 (1998: \$160 million, 1997: \$171 million).

Fuel used for electric generation

Ontario Hydro has entered into firm fuel supply agreements, some of which extend beyond 2000. The future obligation as at March 31, 1999, under these agreements for the remainder of 1999 is estimated to be \$504 million. Beyond 1999, the estimated amount is \$228 million (1998: \$639 million).

16. (DEFICIT) RETAINED EARNINGS

On January 1, 1997, the opening retained earnings balance of \$2,552 million was reduced by \$763 million as a result of charging the transition obligation associated with the change in accounting for other post-employment benefits (see note 2i). The change was introduced as a first step to the early implementation of accounting recommendations from the Canadian Institute of Chartered Accountants (CICA), effective January 1, 2000. The future OPEB obligation was discounted using a long-term average rate, consistent with the rate used to determine pension costs and obligations.

In 1998, the CICA approved new recommendations on accounting for employees' future benefits. To complete the implementation of the new accounting recommendations, the Corporation changed the discount rate used to measure the OPEB obligation from a long-term average rate to a current market settlement rate. As a result, a transition amount of \$460 million was charged to the deficit in 1998.

17. CONSOLIDATED STATEMENT OF CASH FLOWS (*millions of dollars*)

The changes in non-cash balances related to operations consisted of the following:

	As at March 31	As at December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Accounts receivable - (increase)	7	(9)	(22)
Fuel for electric generation, materials and supplies - (increase)	99	(126)	(10)
Accounts payable and accrued charges - increase	47	68	200
Accrued interest - (decrease)	57	(38)	(47)
Long-term accounts payable and accrued charges - increase (decrease)	<u>24</u>	<u>202</u>	<u>(237)</u>
	<u>234</u>	<u>97</u>	<u>(116)</u>
Interest paid	<u>606</u>	<u>2,772</u>	<u>2,903</u>
Interest received	<u>9</u>	<u>29</u>	<u>14</u>

18. BENEFIT PLANS**Pension Plan** (*millions of dollars*)

Effective November 7, 1998, certain sections of the Electricity Competition Act, 1998, came into force whereby Ontario Hydro and its successor entities were allowed to adopt funding practices that are more consistent with Canadian business practices. The Plan has a substantial surplus. As agreed in the Union negotiation processes, Ontario Hydro ceased remitting employer contributions effective April 1, 1998. Also, commencing November 7, 1998, the direct costs of investment management and administration of the Plan have been absorbed as a cost of the Plan.

Information about Ontario Hydro's pension plan is as follows:

	As At March 31	As At December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Pension costs	7	23	116
Pension costs charged to operations	7	18	93
Pension costs capitalized as part of fixed assets	-	5	23
Pension fund assets at fair market value	10,853	10,816	10,173
Accrued pension benefits at actuarial present value	9,830	9,707	6,455
Plan surplus for accounting purposes	1,023	1,109	3,718
Deferred pension asset	972	979	112
Expected return on plan assets	7.25%	9%	9%
Rate used to discount future pension benefits	6%	6%	8.25%
Salary schedule escalation rate	3.5%	3.5%	3.5%
Rate of cost of living increases to pensions	2.5%	2.5%	1.88%
Average remaining service life for employee (years)	12	12	<u>14</u>

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18. BENEFIT PLANS (*millions of dollars*)

The actuarial present value of the accrued pension benefits was based on a projection of the valuation at December 31, 1997. Estimated accrued pension benefits increased dramatically in 1998 as a result of an accounting change. The Canadian Institute of Chartered Accountants has recommended that the rate used for discounting future pension benefits should be based on the current market interest rate. Previously, Ontario Hydro used its best estimate as to the long-term average interest rate of corporate bonds for this computation.

The deferred pension asset of \$972 million as at March 31, 1999 (1998: \$979 million, 1997: \$112 million) represents the cumulative difference between funding contributions and pension costs. The \$7 million decline to March 31, 1999, is the pension cost charged to operations. The \$887 million increase to the deferred pension asset in 1998 results from recognizing the access to the pension fund surplus. Ontario Hydro also recognized a corresponding credit to the 1998 operating statement.

The \$51 million difference as at March 31, 1999, (1998: \$130 million) between the \$1,023 million pension fund surplus and the \$972 million deferred pension asset represents experience gains and losses, which will be amortized over the average remaining service period of employees.

The Ontario Electricity Pension Services Corporation was established effective April 1, 1999 to assume transitional responsibility, as an agent for OEFC, for administering the pension benefits and investing pension assets on behalf of the successor entities of Ontario Hydro.

Group life insurance, health care plans, and other post-employment benefits (*millions of dollars*)

Ontario Hydro's costs are detailed as follows:

	March 31	December 31	
	<u>1999</u>	<u>1998</u>	<u>1997</u>
Group life insurance premiums			
basic coverage	1	5	4
Health Care plan	13	60	58
Post-employment benefits			
retiree group life insurance & health-care	26	92	71
long-term disability	10	32	17

Group life premiums for additional coverage, if requested, are remitted by the employee.

In certain cases, retiree group life insurance and health care costs include payments for surviving spouses, as well as, unmarried dependents. Long-term disability applies to qualifying employees in extended absence from work due to sickness or injury.

19. RESEARCH AND DEVELOPMENT (*millions of dollars*)

Research and development costs are detailed as follows:

	As at March 31 <u>1999</u>	As at December 31 <u>1998</u>	<u>1997</u>
Charged to operations	18	58	80
Capitalized	-	3	2
Charged to accrued provisions	<u>2</u>	<u>7</u>	<u>19</u>
	<u>20</u>	<u>68</u>	<u>101</u>

20. FEDERAL ENVIRONMENTAL REVIEW PANEL

On March 13, 1998, a Federal Government panel issued its report (known as the Seaborn Report) on Atomic Energy of Canada Limited's concept for nuclear waste disposal. On December 3, 1998, the Federal Government responded to the Panel's recommendations, concurring with the Panel's major recommendations that:

- the search for a specific disposal site not proceed at this time because broad public support has not been demonstrated;
- a separately incorporated waste management organization be formed by waste producers to manage used fuel;
- a segregated fund be established; and
- a study of alternatives for long-term disposal be commissioned.

The Federal Government has defined the parameters within which each of these recommendations will be implemented, and has charged Natural Resources Canada with initiating and, reporting back on a consultative process with the appropriate stakeholders to develop options to meet the key objectives of:

- establishing a dedicated fund;
- specifying the reporting relationships between the government, the waste management organization and stakeholders; and,
- establishing a federal review and approval mechanism to provide oversight and access to funds.

Note 14 outlines Ontario Hydro's estimation of future costs and timing of used nuclear fuel disposals.

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21. SEGMENT INFORMATION

Ontario Hydro's reportable segments are generation (Generation); transmission, distribution and other electricity services (Distribution); and all other activities (Other). The reportable segments are strategic business units that produce or deliver the same product to the customer. The production of the product is managed separately from the transmission and distribution of the product. The accounting policies followed by the segments are the same as those described in the summary of significant accounting policies (see note 2).

Ontario Hydro accounts for intersegment sales and transfers at cost. These segments are confirmed by the Government of Ontario through its passage of Energy Competition Act, 1998, which establishes five successor entities as described in Note 1.

21. SEGMENT INFORMATION

March 31, 1999

	Generation	Distribution	Other	Total Company
Revenue from external customers	1,758	817	19	2,594
Intersegment revenue	264	31	-	295
Depreciation and amortization	338	76	4	418
Operations, maintenance & administration	551	185	27	763
Segment profit before use of 1997 provision for future costs	(64)	151	(22)	65
Use of 1997 provision for future costs	365	14	-	379
Segment profit	301	165	(22)	444
Segment assets	30,204	9,203	193	39,600

December 31, 1998

	Generation	Distribution	Other	Total Company
Revenue from external customers	5,879	2,896	204	8,979
Intersegment revenue	1,159	127	-	1,286
Depreciation and amortization	1,267	304	24	1,595
Operations, maintenance & administration	1,861	676	230	2,767
Segment profit before deferred pension asset adjustment and use of 1997 provision for future costs	(824)	364	(82)	(542)
Use of 1997 provision for future costs	1,389	96	1	1,486
Segment profit before deferred pension asset adjustment	563	462	(81)	944
Segment assets	30,412	9,436	175	40,023

December 31, 1997

	Generation	Distribution	Other	Total Company
Revenue from external customers	5,990	2,809	126	8,925
Intersegment revenue	1,225	127	-	1,352
Depreciation and amortization	1,263	282	33	1,578
Operations, maintenance & administration	1,418	570	203	2,191
Segment profit before corporate write-offs	(45)	295	4	254
Segment assets	29,947	9,059	175	39,181

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21. SEGMENT INFORMATION

Reconciliation of reportable segment revenues, segment profit and segment assets

	Three Months March 31, 1999	1998	1997
<i>Revenues</i>			
Total revenues for reportable segments	2,870	10,061	10,151
Other revenues	19	204	126
Elimination of intersegment revenues	(295)	(1,286)	(1,352)
Total Company revenues	<u>2,594</u>	<u>8,979</u>	<u>8,925</u>
<i>Profit</i>			
Total profit for reportable segments, before deferred pension asset adjustment	444	944	254
<i>Assets</i>			
Total assets for reportable segments	39,407	39,848	39,006
Other assets	193	175	175
Company total	<u>39,600</u>	<u>40,023</u>	<u>39,181</u>

22. COMPARATIVE FIGURES

Certain of the 1998 and 1997 comparative figures in the financial statements have been reclassified to conform with the March 31, 1999 financial statement presentation.

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	ABLACK	A	Mechanical Maintainer Journeyperson	\$101,578.00	\$358.00
Ont. Hydro	ACCHIONE	PN	Manager, Programming	\$107,527.00	\$10,377.00
Ont. Hydro	ACKERMAN	D	Transaction Coordinator	\$111,864.00	\$913.00
Ont. Hydro	ACTON	J	Customer Operations Manager	\$103,374.00	\$1,067.00
Ont. Hydro	ADAMS	RJ	Manager, Operations Production	\$107,327.00	\$28,414.00
Ont. Hydro	AGOPIAN	H	Section Head - Administration & Quality	\$104,924.00	\$521.00
Ont. Hydro	AGOSTINO	J	Solicitor	\$111,778.00	\$10,793.00
Ont. Hydro	AITCHISON	G	Shift Unit Supervisor	\$104,529.00	\$419.00
Ont. Hydro	AITKEN	RB	Shift Maintenance Supervisor-Mechanical	\$109,803.00	\$463.00
Ont. Hydro	AKEY	G	Maintenance Coordinator	\$109,911.00	\$575.00
Ont. Hydro	ALBON	R	Inspection and Maintenance Technician II	\$109,788.00	\$370.00
Ont. Hydro	ALBOTA	D	Shift Maintenance Supervisor-Multi-Funct	\$112,127.00	\$498.00
Ont. Hydro	ALCOCK	R	Shift Maintenance Supervisor-Multi-Funct	\$103,396.00	\$537.00
Ont. Hydro	ALEXANDER	C	Section Mgr, Structural Analysis	\$100,432.00	\$571.00
Ont. Hydro	ALFRED	P	Construction Technician - Mech	\$107,952.00	\$311.00
Ont. Hydro	ALIDINA	M	Manager, Finance	\$100,902.00	\$11,724.00
Ont. Hydro	ALLEN	S	Project Manager	\$107,017.00	\$566.00
Ont. Hydro	ALLEN	N	Manager, Programming	\$100,995.00	\$9,512.00
Ont. Hydro	ALLEN	MI	Intermediate Mail and Services Clerk	\$100,884.00	\$266.00
Ont. Hydro	AMANTEA	F	Technical Superintendent	\$140,236.00	\$555.00
Ont. Hydro	ANDERSON	WA	Inspection and Maintenance Technician I	\$100,561.00	\$330.00
Ont. Hydro	ANDOGNINI	C	Exec VP & Chief Nuclear Officer	\$1,275,448.00	\$30,000.00
Ont. Hydro	ANDREEFF	T	Technical Superintendent	\$111,748.00	\$493.00
Ont. Hydro	ANDREW	DJ	Senior Engineer/Scientist/Tech Offcr	\$103,349.00	\$423.00
Ont. Hydro	ANDREWS	JS	Technical Supervisor	\$126,482.00	\$500.00
Ont. Hydro	ANGER	R	Mechanical Maintainer Journeyperson	\$102,027.00	\$358.00
Ont. Hydro	ANKRETT	D	Manager, Central Territory Services	\$102,807.00	\$45,908.00
Ont. Hydro	ANNESLEY	SC	Authorized Nuclear Operator	\$102,599.00	\$436.00
Ont. Hydro	ANTONETTE	B	Mechanical Maintainer Journeyperson	\$109,214.00	\$358.00
Ont. Hydro	APPLETON	G	Shift Control Technician	\$103,621.00	\$374.00
Ont. Hydro	ARBIQUE	M	Level 1A Operator	\$101,590.00	\$401.00
Ont. Hydro	ARIFULLAH	M	Project Leader-Nuclear Safety	\$109,540.00	\$6,864.00
Ont. Hydro	ARISS	DG	Manager, Accounting Policy & Reporting	\$103,064.00	\$40,980.00
Ont. Hydro	ARMITAGE	RA	Authorized Nuclear Operator	\$103,503.00	\$2,263.00
Ont. Hydro	ARMOUR	DC	Mgr, Real Estate & Special Situations	\$128,119.00	\$19,272.00
Ont. Hydro	ARNOLD	R	SM, Radiation Safety	\$114,009.00	\$505.00
Ont. Hydro	ARNONE	M	Project Leader	\$109,343.00	\$468.00
Ont. Hydro	ARNOTT	KJ	Shift Superintendent	\$152,311.00	\$632.00
Ont. Hydro	ARPIN	J	Authorized Nuclear Operator	\$104,920.00	\$436.00
Ont. Hydro	ARSENAULT	I	Authorized Nuclear Operator	\$107,949.00	\$436.00
Ont. Hydro	ASSAL	S	Design Engineer - Specialist	\$102,264.00	\$498.00
Ont. Hydro	ASSELIN	J	Shift Maintenance Supervisor-Multi-Funct	\$117,630.00	\$498.00
Ont. Hydro	ATKINSON	M	Inspection and Maintenance Technician II	\$107,919.00	\$370.00
Ont. Hydro	AUSTIN	K	Shift Supervisor	\$114,369.00	\$549.00
Ont. Hydro	AYOUB	M	Planning Supervisor	\$118,749.00	\$552.00
Ont. Hydro	BABICHUK	BG	Director, Year 2000 Corp Prog	\$103,253.00	\$25,896.00
Ont. Hydro	BAGSHAW	JL	Manager, Performance Assurance	\$138,661.00	\$86,339.00
Ont. Hydro	BAILEY	B	Manager, Maintenance Production	\$121,327.00	\$610.00
Ont. Hydro	BAIRD	K	Inspection and Maintenance Technician II	\$112,750.00	\$370.00
Ont. Hydro	BAKSH	A	Information Systems Analyst	\$111,477.00	\$413.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	BALCOMBE	F	Regional Maintainers I - Lines	\$105,554.00	\$397.00
Ont. Hydro	BALLARD	J	Administration Superintendent	\$110,375.00	\$598.00
Ont. Hydro	BALOG	G	Supervising Design Engineer	\$100,284.00	\$453.00
Ont. Hydro	BANNER	SA	Manager, Materials Management	\$100,329.00	\$1,307.00
Ont. Hydro	BANNON	GE	Mechanical Maintainer Union Trades Supv	\$106,102.00	\$419.00
Ont. Hydro	BARGER	HS	Sr. Assistant Exchange Coordinator	\$103,090.00	\$457.00
Ont. Hydro	BARLOW	R	Regional Line Supervisor	\$113,216.00	\$458.00
Ont. Hydro	BARMSTONE	C	Trades Mangement Supervisor - Hydroelect	\$103,254.00	\$438.00
Ont. Hydro	BARNEY	GV	Construction Technician - Civil	\$109,575.00	\$349.00
Ont. Hydro	BARON	JA	Mgr, Marketing & Technical Spp	\$101,768.00	\$9,140.00
Ont. Hydro	BARRIE	D	Gnrl Mgr, Trans Network Asset	\$161,514.00	\$35,219.00
Ont. Hydro	BARRIE	J	Mechanical Maintainer Journeyperson	\$101,648.00	\$358.00
Ont. Hydro	BARRON	J	Supervising Information Analysist	\$105,670.00	\$507.00
Ont. Hydro	BARTON	B	Customer Operations Manager	\$101,627.00	\$483.00
Ont. Hydro	BASSERMANN	R	Mgr, Performance Engineering	\$101,545.00	\$7,680.00
Ont. Hydro	BAST	D	Mechanical Maintainer Journeyperson	\$106,636.00	\$773.00
Ont. Hydro	BASU	S	Project Manager	\$121,618.00	\$565.00
Ont. Hydro	BATEMAN	WJ	Shift Operating Supervisor (Authorized)	\$116,392.00	\$558.00
Ont. Hydro	BATES	G	Regional Maintainer - Lines Uts Level 3	\$115,714.00	\$377.00
Ont. Hydro	BATOFF	P	Customer Service Representative A Uts	\$101,833.00	\$684.00
Ont. Hydro	BATTE	JA	Mechanical Maintainer Union Trades Supv	\$102,731.00	\$653.00
Ont. Hydro	BATTISTONE	A	Pay & Benefits Systems Dev. Analyst	\$109,101.00	\$730.00
Ont. Hydro	BATTY	F	Mechanical Maintainer Journeyperson	\$101,176.00	\$358.00
Ont. Hydro	BAUER	R	Shift Superintendent	\$124,900.00	\$589.00
Ont. Hydro	BAUMBACH	JM	Mechanical Maintainer Journeyperson	\$104,280.00	\$769.00
Ont. Hydro	BEATON	K	Chief Information Officer	\$185,420.00	\$3,677.00
Ont. Hydro	BEATON	D	Senior Design Specialist	\$100,680.00	\$438.00
Ont. Hydro	BEATTIE	BB	Mechanical Maintainer Journeyperson	\$108,727.00	\$543.00
Ont. Hydro	BEECH	S	Authorized Nuclear Operator	\$117,000.00	\$1,998.00
Ont. Hydro	BEISCHLAG	P	Senior Encon Engineer	\$103,473.00	\$828.00
Ont. Hydro	BELFON	J	Engineer/Officer-Shift Control	\$100,965.00	\$438.00
Ont. Hydro	BELL	R	Senior Protection and Control	\$103,450.00	\$395.00
Ont. Hydro	BELL	M	Manager, Customer Power	\$100,283.00	\$7,255.00
Ont. Hydro	BELLINGHAM	W	Mechanical Maintainer Union Trades Supv	\$112,359.00	\$419.00
Ont. Hydro	BENCH	P	Shift Maintenance Supervisor-Multi-Funct	\$110,807.00	\$513.00
Ont. Hydro	BENNETT	BL	General Auditor	\$137,629.00	\$29,923.00
Ont. Hydro	BERANEK	M	Mgr, Performance Engineering	\$101,842.00	\$28,317.00
Ont. Hydro	BERENYI	P	Technical Specialist	\$100,995.00	\$559.00
Ont. Hydro	BERGER	SD	Assistant General Counsel, Nuclear	\$133,977.00	\$7,028.00
Ont. Hydro	BERNDT	BG	Training Superintendent	\$100,646.00	\$449.00
Ont. Hydro	BERNIER	J	Senior Engineer/Scientist/Tech Officer	\$106,448.00	\$392.00
Ont. Hydro	BERRIE	F	Production Supervisor - Commissioning	\$105,765.00	\$501.00
Ont. Hydro	BIEBER	CG	Vice-President, Customer Care Services	\$142,655.00	\$57,754.00
Ont. Hydro	BIES	A	Shift Maintenance Supervisor	\$111,224.00	\$446.00
Ont. Hydro	BIGRAS	UA	Unauthorized First Operator	\$108,044.00	\$411.00
Ont. Hydro	BLACK	RK	Technical Supervisor	\$101,800.00	\$531.00
Ont. Hydro	BLACKWELL	B	Shift Maintenance Supervisor-Multi-Funct	\$105,693.00	\$504.00
Ont. Hydro	BLACKWOOD	RJ	Shift Supervisor	\$125,991.00	\$570.00
Ont. Hydro	BLACKWOOD	PI	Senior Shift Control Technician	\$101,223.00	\$702.00
Ont. Hydro	BLANK	C	Shift Unit Supervisor	\$105,891.00	\$419.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	BLICK	G	Authorized Nuclear Operator	\$102,109.00	\$436.00
Ont. Hydro	BODACH	P	Section Head	\$103,596.00	\$565.00
Ont. Hydro	BODNAR	G	Trades Mgmt. Supervisor - Hydroelect	\$103,215.00	\$437.00
Ont. Hydro	BOHDAN	J	Authorized Nuclear Operator	\$109,830.00	\$436.00
Ont. Hydro	BOLAND	B	Manager, Regulatory Affairs	\$117,482.00	\$12,645.00
Ont. Hydro	BONNER	M	Authorization Training Supervisor	\$101,170.00	\$583.00
Ont. Hydro	BOOTH	B	General Foreman "A" - Lines	\$100,838.00	\$1,140.00
Ont. Hydro	BOSOMWORTH	J	Helicopter Pilot	\$106,266.00	\$547.00
Ont. Hydro	BOSS	R	Shift Operating Supervisor (Authorized)	\$135,376.00	\$547.00
Ont. Hydro	BOSSELLE	K	Senior Information Systems Analyst	\$105,833.00	\$357.00
Ont. Hydro	BOUMAN	R	Shift Site Supervisor	\$109,523.00	\$429.00
Ont. Hydro	BOWDEN	PS	Shift Maintenance Supervisor-Multi-Funct	\$103,952.00	\$472.00
Ont. Hydro	BOWMAN	J	Planning Supervisor	\$117,590.00	\$469.00
Ont. Hydro	BOYD	GD	Manager, Operations Production	\$102,013.00	\$9,587.00
Ont. Hydro	BOYD	BI	Director, Gen Resrce Mgmt Div	\$132,987.00	\$33,274.00
Ont. Hydro	BOYDELL	D	Section Manager, Oper. Proc.	\$134,628.00	\$513.00
Ont. Hydro	BOYER	R	Production Superintendent	\$113,267.00	\$536.00
Ont. Hydro	BOYES	C	Regional Maintainer - Lines Uts Level 3	\$113,207.00	\$377.00
Ont. Hydro	BRADLEY	DL	Manager, Maintenance Support	\$105,321.00	\$12,517.00
Ont. Hydro	BRAND	MG	Shift Supervisor	\$113,109.00	\$505.00
Ont. Hydro	BRANNIGAN	T	Maintenance Assessor (Nuclear)	\$100,293.00	\$380.00
Ont. Hydro	BRASH	B	Senior Inspection and Maintenance Tech	\$105,996.00	\$414.00
Ont. Hydro	BRAUL	H	Shift Supervisor	\$106,810.00	\$565.00
Ont. Hydro	BRAUN	K	Senior Engineer/Scientist/Tech Officer	\$114,460.00	\$480.00
Ont. Hydro	BRAY	DA	Shift Mechanical Maintainer I	\$102,914.00	\$1,023.00
Ont. Hydro	BRECKON	M	Authorized Nuclear Operator	\$104,655.00	\$436.00
Ont. Hydro	BRENNAN	J	Authorized Nuclear Operator	\$107,554.00	\$436.00
Ont. Hydro	BREWER	S	Regional Maintainers I - Lines	\$107,288.00	\$348.00
Ont. Hydro	BRICK	DJ	Authorized Nuclear Operator	\$110,846.00	\$983.00
Ont. Hydro	BRIDGMAN	S	Regional Maintainer I - Cable Splicer	\$105,349.00	\$348.00
Ont. Hydro	BRINING	J	Maintenance Superintendent	\$120,512.00	\$537.00
Ont. Hydro	BRISIMITZIS	J	Vault Supervisor	\$114,861.00	\$463.00
Ont. Hydro	BROMLEY	CJ	Technical Superintendent	\$103,016.00	\$565.00
Ont. Hydro	BROOKSBANK	L	Dir, Cust Srvs Connectn Polics	\$113,767.00	\$63,110.00
Ont. Hydro	BROUWER	B	Senior Inspection and Maintenance Tech	\$118,717.00	\$414.00
Ont. Hydro	BROWN	GL	Manager, Small Hydro	\$106,863.00	\$19,092.00
Ont. Hydro	BROWN	J	VP Tech. Svcs & New Product Dev.	\$168,034.00	\$34,802.00
Ont. Hydro	BROWN	W	Authorized Nuclear Operator	\$120,747.00	\$436.00
Ont. Hydro	BROWN	SB	Design Draftsperson - Mechanical	\$114,034.00	\$370.00
Ont. Hydro	BROWN	HB	Shift Operating Supervisor (Authorized)	\$110,183.00	\$871.00
Ont. Hydro	BROWN	K	Senior Engineer/Scientist/Tech Officer	\$122,049.00	\$556.00
Ont. Hydro	BRUCE	D	Technical Superintendent	\$102,915.00	\$565.00
Ont. Hydro	BRYAN	KJ	Design Draftsperson - Mechanical	\$104,729.00	\$371.00
Ont. Hydro	BRYNIAK	BM	Vice-President, Generation Services	\$163,365.00	\$23,411.00
Ont. Hydro	BUCHANAN	B	Single Unit Shift Supervisor	\$119,877.00	\$583.00
Ont. Hydro	BUDGE	M	Senior Technical Engineer/Officer	\$108,281.00	\$499.00
Ont. Hydro	BUDGELL	J	Authorized Nuclear Operator	\$107,717.00	\$436.00
Ont. Hydro	BULFON	A	Design Draftsperson - Basic Layout	\$102,173.00	\$414.00
Ont. Hydro	BULL	WG	Shift Superintendent	\$110,907.00	\$589.00
Ont. Hydro	BURKE	L	Materials Systems Supervisor	\$100,052.00	\$474.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	BURKE	MG	Director, Operations & Maintenance	\$110,749.00	\$13,907.00
Ont. Hydro	BURKE	PJ	Mgr, Load Forecasting & Analysis	\$100,603.00	\$16,396.00
Ont. Hydro	BURMAN	BR	Dir, Distrib System & Sustainment	\$108,100.00	\$3,870.00
Ont. Hydro	BURNS	DH	Maintenance Coordinator	\$122,999.00	\$576.00
Ont. Hydro	BURPEE	B	General Manager, Fossil	\$212,500.00	\$65,043.00
Ont. Hydro	BURROUGHS	PR	Director, Nuclear Waste Facilities	\$119,038.00	\$42,608.00
Ont. Hydro	BURROWS	D	Shift Maintenance Supervisor	\$100,690.00	\$528.00
Ont. Hydro	BURSTON	GV	Senior Organization Consultant	\$107,085.00	\$605.00
Ont. Hydro	BUTORAJAC	M	Mechanical Maintainer Union Trades Supv	\$103,863.00	\$419.00
Ont. Hydro	BYRNES	G	Shift Superintendent	\$116,009.00	\$610.00
Ont. Hydro	CAIRD	B	SAP - Module Expert	\$107,096.00	\$500.00
Ont. Hydro	CAMERON	S	Shift Maintenance Supervisor	\$101,581.00	\$515.00
Ont. Hydro	CAMPAGNOLO	A	Shift Superintendent	\$123,894.00	\$598.00
Ont. Hydro	CAMPBELL	A	Shift Maintenance Supervisor-Multi-Funct	\$106,504.00	\$494.00
Ont. Hydro	CAMPBELL	DM	Mechanical Maintainer Journeyman	\$105,114.00	\$748.00
Ont. Hydro	CAMPBELL	WM	Authorized Nuclear Operator	\$103,717.00	\$436.00
Ont. Hydro	CANNING	R	Mechanical Maintainer Journeyman	\$108,023.00	\$859.00
Ont. Hydro	CARBAJALES	H	Senior Engineer/Scientist/Tech Officer	\$115,572.00	\$472.00
Ont. Hydro	CAREY	D	Shift Operating Supervisor (Authorized)	\$112,414.00	\$539.00
Ont. Hydro	CAREY	D	SM, Conventional H & S	\$100,064.00	\$1,103.00
Ont. Hydro	CARLETON	GA	Director, Financial & Business	\$103,483.00	\$22,521.00
Ont. Hydro	CARLSON	S	Senior Thermal Station Engineer	\$100,478.00	\$472.00
Ont. Hydro	CARNOCHAN	B	Regional Maintainer - Lines Uts Level 3	\$101,459.00	\$377.00
Ont. Hydro	CARR	RE	Regional Line Supervisor	\$101,086.00	\$446.00
Ont. Hydro	CARRIERE	M	Supervising Nuclear Operator	\$100,564.00	\$398.00
Ont. Hydro	CARTER	P	Exchange Engineer/Officer	\$101,158.00	\$571.00
Ont. Hydro	CARTER	L	Shift Supervisor	\$119,275.00	\$446.00
Ont. Hydro	CASCIANO	JG	Mechanical Maintainer Union Trades Supv	\$105,879.00	\$1,546.00
Ont. Hydro	CASSELMAN	D	F.L.M. Production - Large Facilities	\$122,537.00	\$541.00
Ont. Hydro	CASTONGUAY	G	Regional Maintainer - Mechanical	\$113,348.00	\$676.00
Ont. Hydro	CEMBROWSKI	R	Shift Supervisor	\$112,364.00	\$432.00
Ont. Hydro	CHABOT	J	Regional Line Supervisor	\$110,450.00	\$439.00
Ont. Hydro	CHACINSKI	VW	Senior Technical Engineer/Officer	\$103,126.00	\$499.00
Ont. Hydro	CHAMBERS	G	Technical Superintendent	\$144,581.00	\$537.00
Ont. Hydro	CHAMPAGNE	D	Shift Maintenance Supervisor-Multi-Funct	\$108,498.00	\$6,697.00
Ont. Hydro	CHAN	N	Senior Technical Analyst	\$100,359.00	\$395.00
Ont. Hydro	CHAN	B	Senior Business Services Analyst	\$100,168.00	\$494.00
Ont. Hydro	CHAN	WK	Principal Research Engineer/Scientist	\$107,595.00	\$543.00
Ont. Hydro	CHANT	N	Regional Maintainers I - Lines	\$105,416.00	\$348.00
Ont. Hydro	CHARLEBOIS	M	SM, Construction Support	\$112,768.00	\$380.00
Ont. Hydro	CHARLEBOIS	P	Director, Station Engineering	\$118,374.00	\$13,795.00
Ont. Hydro	CHARLEBOIS	Y	Regional Maintainers I - Lines	\$103,394.00	\$348.00
Ont. Hydro	CHATTERTON	R	Production Superintendent	\$105,527.00	\$616.00
Ont. Hydro	CHAYKA	D	Engineer/Technical Off-Commercial & Res.	\$106,289.00	\$1,606.00
Ont. Hydro	CHESSELL	D	Regional Line Supervisor	\$101,335.00	\$431.00
Ont. Hydro	CHEUNG	M	Field Engineer	\$118,912.00	\$408.00
Ont. Hydro	CHEVERS	JN	Shift Operating Supervisor (Authorized)	\$130,092.00	\$536.00
Ont. Hydro	CHEVRIER	B	Ironworker Construction	\$128,888.00	\$0.00
Ont. Hydro	CHIAROTTO	F	Plant Manager, Lambton GS	\$112,342.00	\$43,076.00
Ont. Hydro	CHISHOLM	B	Senior Research Engineer/Scientist	\$107,281.00	\$497.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	CHO	CH	Manager - Elec. & P&C Field Services	\$109,524.00	\$5,062.00
Ont. Hydro	CHOATE	A	Planning Supervisor	\$128,315.00	\$361.00
Ont. Hydro	CHOPCIAN	M	Senior Thermal Station Engineer	\$109,608.00	\$464.00
Ont. Hydro	CHOPEE	E	Regional Maintainer - Lines Uts Level 3	\$137,746.00	\$596.00
Ont. Hydro	CHOPRA	DN	Vice-President, Finance	\$161,090.00	\$101,939.00
Ont. Hydro	CHORLTON	CR	Director, Executive Services	\$119,138.00	\$21,993.00
Ont. Hydro	CHOU	QB	Dir, Station Eng Projs & Prgms	\$133,843.00	\$15,038.00
Ont. Hydro	CHOW	RF	Director, System Development	\$105,583.00	\$43,330.00
Ont. Hydro	CHREPTYK	MC	Manager, Operations Support	\$113,662.00	\$16,910.00
Ont. Hydro	CHRISTENSEN	T	Materials Systems Supervisor	\$103,016.00	\$568.00
Ont. Hydro	CHRISTIE	W	Supervising Nuclear Operator	\$101,025.00	\$398.00
Ont. Hydro	CHU	FY	Director, Strategic R&D Prgms	\$108,032.00	\$16,573.00
Ont. Hydro	CHUN	RM	Manager, Nuclear Safety Project	\$100,381.00	\$6,714.00
Ont. Hydro	CLAIRMONT	D	Inspector Journeyman	\$102,674.00	\$435.00
Ont. Hydro	CLARENCE	RG	Mechanical Maintainer Union Trades Supv	\$101,163.00	\$419.00
Ont. Hydro	CLARK	WW	Director, Customer Care System	\$118,393.00	\$5,644.00
Ont. Hydro	CLARKE	RJ	Manager, Human Resources	\$100,727.00	\$38,709.00
Ont. Hydro	CLARKE	B	Quality Engineer/Officer	\$111,119.00	\$467.00
Ont. Hydro	CLARKE	RT	Supervising Nuclear Operator	\$101,012.00	\$849.00
Ont. Hydro	CLARKE	TR	Manager, Layup/Recovery	\$103,019.00	\$26,506.00
Ont. Hydro	CLELLAND	D	Area Distribution Engineering Technician	\$108,485.00	\$349.00
Ont. Hydro	CLIFT	SS	Authorized Nuclear Operator	\$119,468.00	\$436.00
Ont. Hydro	CLITHEROE	E	Exec VP & Managing Director	\$412,980.00	\$110,396.00
Ont. Hydro	CLUBBE	K	Authorized Nuclear Operator	\$107,935.00	\$436.00
Ont. Hydro	CLYDE	T	Site Project Engineer/Officer	\$109,159.00	\$503.00
Ont. Hydro	COFFIN	J	Technical Superintendent	\$138,622.00	\$549.00
Ont. Hydro	COGGIN	BE	Senior Human Resources Manager	\$110,386.00	\$44,051.00
Ont. Hydro	COGHLAN	BF	Manager, Southwestern Territory	\$102,815.00	\$27,263.00
Ont. Hydro	COLE	BW	Dir, Info Technology Services	\$125,099.00	\$33,528.00
Ont. Hydro	COLEBY	JM	Director, Site Support	\$125,429.00	\$46,554.00
Ont. Hydro	COLEMAN	K	Shift Maintenance Supervisor-Multi-Funct	\$104,277.00	\$512.00
Ont. Hydro	COLGROVE	G	Audit Associate	\$112,960.00	\$5,479.00
Ont. Hydro	COLLIER	M	Administration Superintendent	\$100,273.00	\$3,663.00
Ont. Hydro	COLLINS	D	Authorized Nuclear Operator	\$110,054.00	\$436.00
Ont. Hydro	COLLINS	WM	Nuclear Operator	\$105,100.00	\$349.00
Ont. Hydro	COLLINS	G	Trades Supervisor Maintenance	\$103,517.00	\$439.00
Ont. Hydro	COMEAU	D	Regional Maintainer - Electrical Uts	\$115,614.00	\$749.00
Ont. Hydro	COMMISSIONG	D	Vice-President, Marketing & Sales	\$159,392.00	\$38,836.00
Ont. Hydro	CONCEPCION	D	Senior Information Systems Analyst	\$104,094.00	\$499.00
Ont. Hydro	CONWAY	BJ	Manager, Power Purchasing	\$102,596.00	\$49,736.00
Ont. Hydro	COOK	JE	Manager, Pension Fund Operations	\$208,985.00	\$4,578.00
Ont. Hydro	COOLMAN	S	Shift Maintenance Supervisor-Mechanical	\$116,785.00	\$493.00
Ont. Hydro	COOPER	S	Exchange Engineer/Officer	\$100,415.00	\$561.00
Ont. Hydro	COOPER	T	Authorized Nuclear Operator	\$119,447.00	\$785.00
Ont. Hydro	COOPER	K	Senior Shift Control Technician	\$100,112.00	\$418.00
Ont. Hydro	COOPER	R	Authorized Nuclear Operator	\$101,617.00	\$436.00
Ont. Hydro	COOPER	D	Authorized Nuclear Operator	\$109,106.00	\$436.00
Ont. Hydro	CORMIER	A	Mechanical Maintainer Journeyman	\$100,625.00	\$358.00
Ont. Hydro	CORNBLUM	E	Senior Design Specialist	\$101,915.00	\$535.00
Ont. Hydro	CORNTHWAITE	D	President & CEO, OHT	\$200,000.00	\$1,084.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	CORREIA	R	Project Leader-Ohn Im Systems Strategy	\$116,242.00	\$548.00
Ont. Hydro	COSTA	MD	Senior Mgr, Special Projects	\$114,565.00	\$38,968.00
Ont. Hydro	COTNAM	G	Regional Line Supervisor	\$102,168.00	\$439.00
Ont. Hydro	COUGHLIN	L	Project Manager	\$100,093.00	\$605.00
Ont. Hydro	COULIS	J	Customer Operations Manager	\$103,144.00	\$2,168.00
Ont. Hydro	COULSON	J	Customer Care Team - Lead	\$110,620.00	\$4,110.00
Ont. Hydro	COULTER	B	Regional Maintainers I - Lines	\$116,264.00	\$348.00
Ont. Hydro	COULTHART	RD	Technical Superintendent	\$106,684.00	\$554.00
Ont. Hydro	COWBOURNE	DR	Chief Operations Officer	\$134,820.00	\$37,348.00
Ont. Hydro	COX	F	Authorized Nuclear Operator	\$108,481.00	\$3,495.00
Ont. Hydro	COYNE	T	Production Supervisor - Shift	\$103,165.00	\$492.00
Ont. Hydro	CRAIG	M	Senior Information Systems Analyst	\$121,868.00	\$492.00
Ont. Hydro	CRAIG	D	Technical Superintendent	\$116,319.00	\$549.00
Ont. Hydro	CRAIG	J	Supervising Nuclear Operator	\$122,577.00	\$1,157.00
Ont. Hydro	CRANE	M	Senior Thermal Station Engineer	\$103,939.00	\$429.00
Ont. Hydro	CRATE	SP	Regional Maintainer - Mechanical	\$100,263.00	\$818.00
Ont. Hydro	CRATT	L	Rigger Union Trades Supvr	\$113,304.00	\$711.00
Ont. Hydro	CRAWFORD	J	Safety Officer	\$111,368.00	\$444.00
Ont. Hydro	CRIST	JIME	VP, Nuclear Human Resources	\$141,309.00	\$60,753.00
Ont. Hydro	CROSBIE	C	Regional Maintainers I - Lines	\$113,395.00	\$348.00
Ont. Hydro	CROSS	A	Senior Shift Control Technician	\$100,051.00	\$644.00
Ont. Hydro	CROWN	RH	General Counsel, OHII	\$116,134.00	\$57,453.00
Ont. Hydro	CUMMING	D	Technical Engineer/Officer	\$103,947.00	\$445.00
Ont. Hydro	CUNLIFFE	LC	Authorized Nuclear Operator	\$100,972.00	\$436.00
Ont. Hydro	CURLE	B	Manager, Work Control	\$101,535.00	\$14,548.00
Ont. Hydro	CURLEY	DJ	Manager, Layup/Recovery	\$105,319.00	\$10,300.00
Ont. Hydro	CURTIS	N	Authorized Nuclear Operator	\$110,574.00	\$1,190.00
Ont. Hydro	DALE	PE	Senior Research Engineer/Scientist	\$105,465.00	\$472.00
Ont. Hydro	DALY	I	Technical Superintendent	\$100,301.00	\$596.00
Ont. Hydro	DANFORD	LE	Mechanical Maintainer Journeyperson	\$101,225.00	\$358.00
Ont. Hydro	D'ANGELO	J	Senior Research Engineer/Scientist	\$110,084.00	\$444.00
Ont. Hydro	DANYCHUK	PH	Section Manager, Mntce Program	\$104,820.00	\$554.00
Ont. Hydro	DARBISHIRE	D	Unit Operator	\$104,505.00	\$349.00
Ont. Hydro	D'ARCEY	MM	Gnrl Mgr, Engineering Services	\$142,257.00	\$20,436.00
Ont. Hydro	DARCY	B	Senior Technical Supervisor	\$107,566.00	\$516.00
Ont. Hydro	DAUTOVICH	DP	Program Manager, ITER	\$108,815.00	\$10,666.00
Ont. Hydro	DAVIDSON	DD	Manager, Common Services	\$120,796.00	\$92,229.00
Ont. Hydro	DAVIES	C	Mechanical Maintainer Journeyperson	\$106,709.00	\$953.00
Ont. Hydro	DAVIES	JA	Technical Superintendent	\$112,263.00	\$534.00
Ont. Hydro	DAVIES	TC	Director, Asset Sustainment	\$124,819.00	\$28,839.00
Ont. Hydro	DAVISON	WE	Proj Dir, Process Enhancement	\$127,491.00	\$7,460.00
Ont. Hydro	DAWSON	CW	Mgr, Civil & Geotechnologies	\$103,975.00	\$31,132.00
Ont. Hydro	DAY	M	Technical Supervisor	\$111,616.00	\$519.00
Ont. Hydro	DAY	VC	Production Superintendent	\$133,580.00	\$579.00
Ont. Hydro	DE GUZMAN	V	Maintenance Assessor (Nuclear)	\$106,262.00	\$839.00
Ont. Hydro	DE LORENZI	S	Shift Operating Supervisor (Authorized)	\$110,694.00	\$539.00
Ont. Hydro	DEANS	JJ	Principal Research Engineer/Scientist	\$116,061.00	\$514.00
Ont. Hydro	DEBS	B	Vice President	\$1,344,860.00	\$9,720.00
Ont. Hydro	DECHENE	D	Mechanical Maintainer Journeyperson	\$114,272.00	\$522.00
Ont. Hydro	DEFORGE	P	Site Project Manager	\$108,502.00	\$592.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	DEMERS	J	Regional Line Supervisor	\$109,206.00	\$756.00
Ont. Hydro	DEMMER	W	Shift Mtce Suprv (Control or Mechanical)	\$122,203.00	\$771.00
Ont. Hydro	DEMONTMORENCY	MG	Lead Technologist	\$109,501.00	\$414.00
Ont. Hydro	DENIS	J	Senior Engineer/Scientist/Tech Officer	\$106,722.00	\$464.00
Ont. Hydro	DENNIS	P	Regional Maintainers I - Lines	\$103,290.00	\$348.00
Ont. Hydro	DENT	DJ	Team Leader, Management Policy	\$101,443.00	\$28,942.00
Ont. Hydro	DENT	WD	Supervising Nuclear Operator	\$105,723.00	\$419.00
Ont. Hydro	DERBY	C	Customer Operations Manager	\$102,010.00	\$1,066.00
Ont. Hydro	DERMARKAR	F	Project Manager, CMR	\$101,427.00	\$5,241.00
Ont. Hydro	DEROOS	BJ	Mechanical Maintainer Journey person	\$102,396.00	\$449.00
Ont. Hydro	DESILETS	DJ	Regional Line Supervisor	\$103,127.00	\$439.00
Ont. Hydro	DESORMEAUX	J	Industrial Hygiene Technologist	\$101,083.00	\$390.00
Ont. Hydro	DEUGO	D	Regional Maintainer I - Cable Splicer	\$103,317.00	\$348.00
Ont. Hydro	DEUTSCHMANN	A	Project Manager	\$117,803.00	\$527.00
Ont. Hydro	DEVLIN	D	Trades Supervisor Maintenance	\$103,759.00	\$425.00
Ont. Hydro	DEWAR	B	Shift Operating Supervisor (Authorized)	\$105,019.00	\$537.00
Ont. Hydro	DHIRANI	H	Design Engineer - Specialist - Power Equ	\$102,110.00	\$507.00
Ont. Hydro	DI GIAMBATTIS	G	Project Manager, ISO	\$102,258.00	\$42,450.00
Ont. Hydro	DICERNI	R	Sr VP, Corp & Environmental Affairs	\$251,120.00	\$66,250.00
Ont. Hydro	DIER	S	Regional Line Supervisor	\$114,810.00	\$430.00
Ont. Hydro	DILKS	J	Maintenance Assessor (Nuclear)	\$102,634.00	\$378.00
Ont. Hydro	DINGLE	J	Shift Supervisor in Training	\$104,279.00	\$469.00
Ont. Hydro	DION	J	Regional Maintainer - Lines Uts Level 3	\$105,386.00	\$377.00
Ont. Hydro	DIONNE	D	Trades Management Supervisor-Hydroelect	\$117,877.00	\$416.00
Ont. Hydro	DIXON	JA	Regional Maintainers I - Lines	\$125,706.00	\$348.00
Ont. Hydro	DOBSON	PD	Manager, Financial Systems	\$100,829.00	\$11,308.00
Ont. Hydro	DODD	DJ	Director, Technology Services	\$126,420.00	\$13,284.00
Ont. Hydro	DOHERTY	J	Shift Maintenance Supervisor-Multi-Funct	\$102,042.00	\$522.00
Ont. Hydro	DOLAN	P	Regional Maintainers I - Lines	\$118,124.00	\$348.00
Ont. Hydro	DONADEL	R	Regional Maintainer - Electric	\$104,345.00	\$690.00
Ont. Hydro	DONNELLY	NA	Mgr, Labour Reltns, IMO/CMO/N-	\$100,813.00	\$21,526.00
Ont. Hydro	DOODY	R	Trades Supervisor Maintenance	\$101,828.00	\$458.00
Ont. Hydro	DORAN	TC	Manager, Business Services	\$103,062.00	\$8,452.00
Ont. Hydro	DORAN	L	General Manager, Hydroelectric	\$204,571.00	\$45,615.00
Ont. Hydro	DORCAS	DS	Site Physician	\$115,000.00	\$1,085.00
Ont. Hydro	DORN	CJ	Technical Superintendent	\$107,734.00	\$548.00
Ont. Hydro	DOUGLAS	JM	Supvg Construction Engr - Nucl & Thermal	\$104,437.00	\$603.00
Ont. Hydro	DOUGLAS	G	Mechanical Maintainer Journey person	\$103,139.00	\$358.00
Ont. Hydro	DOUGLAS	M	Mechanical Maintainer Journey person	\$105,340.00	\$818.00
Ont. Hydro	DOUGLAS	TJ	Mechanical Maintainer Journey person	\$119,020.00	\$646.00
Ont. Hydro	DOWSON	C	Maintenance Coordinator	\$128,796.00	\$610.00
Ont. Hydro	DOYLE	JV	Manager, Safety Services	\$106,016.00	\$35,851.00
Ont. Hydro	DRAESNER	C	Shift Supervisor	\$114,392.00	\$475.00
Ont. Hydro	DRISCOLL	B	Engineer/Technical Off-Commercial & Res.	\$118,314.00	\$1,600.00
Ont. Hydro	DUDLEY	D	Authorized Nuclear Operator	\$108,488.00	\$436.00
Ont. Hydro	DUFFY	A	Travelling Line Trades Supv	\$104,323.00	\$516.00
Ont. Hydro	DUKES	B	Trades Mgmt. Supervisor - Hydroelect	\$116,314.00	\$861.00
Ont. Hydro	DUNCAN	BF	Manager, Operations Support	\$103,765.00	\$11,041.00
Ont. Hydro	DUNCAN	RM	Shift Emergency Response Coordinator	\$101,486.00	\$392.00
Ont. Hydro	DUNLOP	JA	Senior Advisor/HR Manager	\$102,309.00	\$5,914.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	DUTTON	JJ	Authorized Nuclear Operator	\$109,714.00	\$436.00
Ont. Hydro	DYCK	B	Production Supervisor - Technical/Chemic	\$104,265.00	\$574.00
Ont. Hydro	DYKE	T	Supervising Design Engineer	\$107,040.00	\$555.00
Ont. Hydro	EADY	K	Authorized Nuclear Operator	\$106,239.00	\$1,766.00
Ont. Hydro	EAMER	DL	Manager, Electrical Inspection	\$114,916.00	\$65,273.00
Ont. Hydro	EARL	TJ	Shift Operating Supervisor	\$101,043.00	\$447.00
Ont. Hydro	EASTMAN	LJ	Vice-President, Organization Development	\$143,917.00	\$2,316.00
Ont. Hydro	EATON	JE	Manager, Water Resources	\$103,467.00	\$1,811.00
Ont. Hydro	EBBEN	PM	Mechanical Maintainer Journeyperson	\$107,999.00	\$789.00
Ont. Hydro	EBY	RC	Manager, Business Support	\$107,915.00	\$10,492.00
Ont. Hydro	EDISON	G	Mechanical Maintainer Journeyperson	\$101,749.00	\$358.00
Ont. Hydro	EDWARDS	FG	Manager, Real Estate Services	\$100,539.00	\$19,951.00
Ont. Hydro	EGAN	F	Shift Unit Supervisor	\$100,160.00	\$419.00
Ont. Hydro	ELLIOTT	MM	Director, Operations & Maintenance	\$119,582.00	\$9,338.00
Ont. Hydro	ELLIS	JD	Authorized Nuclear Operator	\$137,658.00	\$758.00
Ont. Hydro	ELLIS	KR	Manager, Operations Production	\$102,900.00	\$11,786.00
Ont. Hydro	ELLIS	PJ	Section Mgr, Fuel Channel	\$114,450.00	\$597.00
Ont. Hydro	ELSAIED	EE	Vice President, Hydroelectric	\$119,069.00	\$33,788.00
Ont. Hydro	ELSTON	DH	Authorized Nuclear Operator	\$102,136.00	\$1,339.00
Ont. Hydro	ENG	M	Senior Pay Systems Analyst	\$149,654.00	\$516.00
Ont. Hydro	ENGELBERG	MP	Manager, Legal Services Retail Company	\$118,729.00	\$26,747.00
Ont. Hydro	ENS	JA	Manager, Business Services	\$100,359.00	\$4,419.00
Ont. Hydro	ERIKSEN	D	Construction Technician - Civil	\$103,141.00	\$349.00
Ont. Hydro	ESPIE	WA	Shift Trades Mgmt Supvr - Mech	\$105,560.00	\$441.00
Ont. Hydro	ETHELSTON	JD	Shift Maintenance Supervisor-Multi-Funct	\$109,788.00	\$478.00
Ont. Hydro	ETHERINGTON	L	Inspection and Maintenance Technician II	\$104,885.00	\$370.00
Ont. Hydro	EVANS	D	Millwright Foreman - Construction	\$102,243.00	\$0.00
Ont. Hydro	EVANS	GR	Senior Engineer/Scientist/Tech Officer	\$101,625.00	\$538.00
Ont. Hydro	EVANS	HA	Authorized Nuclear Operator	\$122,613.00	\$436.00
Ont. Hydro	EVANS	R	Human Resources Information Sys	\$114,246.00	\$505.00
Ont. Hydro	EVELEIGH	DJ	Mechanical Maintainer Union Trades Supv	\$114,418.00	\$419.00
Ont. Hydro	EVERDELL	RA	Senior Project Manager	\$101,521.00	\$9,685.00
Ont. Hydro	FABBRI	SG	Design Engineer - Specialist	\$102,297.00	\$419.00
Ont. Hydro	FAIRCHILD	J	Exchng Coord - Schedule/Resource/System	\$107,951.00	\$531.00
Ont. Hydro	FARLINGER	W	Chairman	\$291,667.00	\$11,062.00
Ont. Hydro	FARRELL	AV	Manager, Operations Support	\$103,448.00	\$40,968.00
Ont. Hydro	FARRELL	E	Mgr, Distribution Perf Mgmt	\$106,542.00	\$7,537.00
Ont. Hydro	FASKEN	D	Production Supervisor - Technical	\$121,667.00	\$500.00
Ont. Hydro	FAUVELLE	RW	Manager, Northern Territory	\$121,863.00	\$76,894.00
Ont. Hydro	FEHERVARI	J	Senior Engineer/Scientist/Tech Officer	\$117,658.00	\$478.00
Ont. Hydro	FENTON	TONYL	Manager, I/T Operations	\$107,422.00	\$31,627.00
Ont. Hydro	FERGUSON	B	Technical Supervisor	\$110,846.00	\$598.00
Ont. Hydro	FERGUSON	R	Vice President	\$453,384.00	\$25,120.00
Ont. Hydro	FETTERLY	GL	Mechanical Maintainer Union Trades Supv	\$126,659.00	\$419.00
Ont. Hydro	FIELDER	CL	Regional Maintainer - Mechanical Uts	\$115,850.00	\$786.00
Ont. Hydro	FINDLAY	JA	Customer Relations, Manager	\$116,567.00	\$36,821.00
Ont. Hydro	FINES	G	Regional Line Supervisor	\$111,696.00	\$431.00
Ont. Hydro	FINKBEINER	S	Customer Care Team Manager	\$106,080.00	\$1,064.00
Ont. Hydro	FINLEY	G	Authorized Nuclear Operator	\$120,667.00	\$926.00
Ont. Hydro	FINN	ER	Asst General Counsel, Legal Proceedings	\$126,846.00	\$13,189.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	FIRTH	G	Senior Planning Technician	\$111,784.00	\$379.00
Ont. Hydro	FISCH	HL	Exec Dir, Mrkt & New Bus Devlp	\$126,343.00	\$38,250.00
Ont. Hydro	FISCHER	P	Mechanical Maintainer Union Trades Supv	\$106,817.00	\$419.00
Ont. Hydro	FISHER	L	Supervising Nuclear Operator	\$100,455.00	\$747.00
Ont. Hydro	FITZGERALD	K	Mechanical Maintainer Journeyperson	\$100,006.00	\$358.00
Ont. Hydro	FITZSIMONS	D	Engineer/Technical Off-Commercial & Res.	\$121,837.00	\$553.00
Ont. Hydro	FIZELL	J	Authorized Nuclear Operator	\$108,716.00	\$368.00
Ont. Hydro	FLAHERTY	D	Regional Maintainers I - Lines	\$108,412.00	\$643.00
Ont. Hydro	FLAMAN	MT	Principal Research Engineer/Scientist	\$105,650.00	\$549.00
Ont. Hydro	FLETCHER	G	Regional Line Supervisor	\$103,872.00	\$431.00
Ont. Hydro	FLETCHER	G	Regional Line Supervisor	\$106,272.00	\$439.00
Ont. Hydro	FLORIO	M	Shift Unit Supervisor	\$109,116.00	\$410.00
Ont. Hydro	FONG	JY	Sr. Advisor, Investment Planning	\$101,706.00	\$15,286.00
Ont. Hydro	FORD	J	Supervising Equipment Engineer	\$101,824.00	\$680.00
Ont. Hydro	FORD	GL	Mgr, Power System Technologies	\$103,975.00	\$7,553.00
Ont. Hydro	FORMUSA	LI	Sr Solicitor	\$116,591.00	\$15,313.00
Ont. Hydro	FORREST	RJ	Plant Manager, Lennox GS	\$124,560.00	\$31,545.00
Ont. Hydro	FORTIER	P	Shift Maintenance Supervisor	\$106,743.00	\$512.00
Ont. Hydro	FOUNTAIN	GR	Mgr, Plant Design Engineering	\$101,132.00	\$2,478.00
Ont. Hydro	FOWLES	GA	Manager, Performance Assurance	\$100,359.00	\$16,551.00
Ont. Hydro	FOX	J	Exec VP & Managing Director, GENCO	\$411,220.00	\$67,964.00
Ont. Hydro	FRANK	SE	Dir, Wires Fnnc'l Integration	\$115,436.00	\$18,535.00
Ont. Hydro	FRANSKY	AF	Customer Operations Manager	\$104,245.00	\$485.00
Ont. Hydro	FRASER	C	Mechanical Maintainer Union Trades Supv	\$102,165.00	\$419.00
Ont. Hydro	FRASER	ND	VP, Performance Management	\$141,279.00	\$23,392.00
Ont. Hydro	FREISINGER	T	Senior Inspection and Maintenance Tech	\$103,825.00	\$414.00
Ont. Hydro	FREITAG	S	Assistant General Counsel	\$192,953.00	\$10,316.00
Ont. Hydro	FRIDAY	BD	Senior Advisor, Corporate Affairs	\$100,529.00	\$2,072.00
Ont. Hydro	FRIEDRICH	H	Shift Mechanical Maintainer I	\$100,531.00	\$555.00
Ont. Hydro	FRISINA	S	Senior Planning Technician	\$130,254.00	\$414.00
Ont. Hydro	FROATS	JP	Director, Station Engineering	\$114,897.00	\$38,654.00
Ont. Hydro	FROEBEL	P	Senior Technical Analyst	\$104,306.00	\$478.00
Ont. Hydro	FRYDAY	D	Operator Coordinator	\$102,474.00	\$570.00
Ont. Hydro	FULHAM	J	Section Manager, HW Shutdown	\$102,619.00	\$573.00
Ont. Hydro	FUNG	F	Senior Information Systems Analyst	\$105,696.00	\$443.00
Ont. Hydro	GAKHAL	B	Section Head - Information Management	\$102,324.00	\$501.00
Ont. Hydro	GALEA	D	Regional Maintainer - Electric	\$108,296.00	\$684.00
Ont. Hydro	GAMBLE	B	Shift Emergency Response Manag	\$107,287.00	\$395.00
Ont. Hydro	GARLOUGH	RP	Unauthorized First Operator	\$103,683.00	\$3,882.00
Ont. Hydro	GARRETT	DJ	Shift Operating Supervisor (Authorized)	\$108,902.00	\$555.00
Ont. Hydro	GARRETT	E	Inspection and Maintenance Technician II	\$102,480.00	\$370.00
Ont. Hydro	GARRIOCK	J	Trades Supervisor Maintenance	\$101,899.00	\$467.00
Ont. Hydro	GARROD	L	Shift Operating Supervisor	\$103,382.00	\$529.00
Ont. Hydro	GASCHO	RA	Senior Solicitor, Pension & Finance	\$108,678.00	\$4,346.00
Ont. Hydro	GATEMAN	P	Authorized Nuclear Operator	\$113,372.00	\$431.00
Ont. Hydro	GEFFS	B	Shift Production Technician - Planning	\$104,609.00	\$392.00
Ont. Hydro	GEORGE	D	Senior Planning Technician	\$142,912.00	\$414.00
Ont. Hydro	GERMANN	P	Regional Line Supervisor	\$104,210.00	\$489.00
Ont. Hydro	GERVAIS	GP	Mechanical Maintainer Union Trades Supv	\$113,293.00	\$1,954.00
Ont. Hydro	GEURTS	R	Shift Site Supervisor	\$102,785.00	\$418.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	GUINDON	M	Safety Technician	\$109,906.00	\$369.00
Ont. Hydro	GUPTA	DR	Design Engineer Specialist - Electrical	\$143,952.00	\$427.00
Ont. Hydro	GYLES	C	Sr VP, Corporate Human Resources	\$305,600.00	\$209,786.00
Ont. Hydro	HAASNoot	A	Nuclear Operator	\$101,414.00	\$1,160.00
Ont. Hydro	HABEC	KM	Shift Operating Supervisor (Authorized)	\$110,214.00	\$847.00
Ont. Hydro	HAGHVERDIAN	L	Design Engineer - Specialist	\$111,167.00	\$412.00
Ont. Hydro	HAIRE	K	Authorized Nuclear Operator	\$113,384.00	\$436.00
Ont. Hydro	HALE	BM	Manager, Industrial Sales	\$107,127.00	\$23,815.00
Ont. Hydro	HALEY	A	Protection and Control Technologist	\$102,179.00	\$392.00
Ont. Hydro	HALPERIN	DT	Team Leader, Integration	\$107,215.00	\$18,686.00
Ont. Hydro	HALTRECHT	EJ	Director, Human Resources	\$110,948.00	\$12,760.00
Ont. Hydro	HAMANN	RR	Shift Operating Supervisor (Authorized)	\$104,732.00	\$537.00
Ont. Hydro	HAMILTON	B	Manager, Network Programming	\$102,229.00	\$12,198.00
Ont. Hydro	HAMILTON	J	Shift Unit Supervisor	\$110,548.00	\$419.00
Ont. Hydro	HAMMOND	C	Production Supervisor - Shift	\$102,144.00	\$491.00
Ont. Hydro	HANNAH	D	Trades Supervisor Maintenance	\$100,509.00	\$790.00
Ont. Hydro	HARDING	R	Senior Shift Control Technician	\$106,435.00	\$734.00
Ont. Hydro	HARDING	RE	Client Services Manager	\$101,946.00	\$57,438.00
Ont. Hydro	HARDING	T	Senior Technical Supervisor	\$113,061.00	\$596.00
Ont. Hydro	HARGREAVES	R	Shift Maintenance Supervisor-Multi-Funct	\$117,402.00	\$522.00
Ont. Hydro	HARJEE	M	Senior Information Systems Analyst	\$116,853.00	\$480.00
Ont. Hydro	HARPER	B	Authorized Nuclear Operator	\$107,254.00	\$4,286.00
Ont. Hydro	HARRIS	L	Regional Line Supervisor	\$113,508.00	\$438.00
Ont. Hydro	HARRIS	GA	Shift Supervisor	\$133,079.00	\$583.00
Ont. Hydro	HARRISON	BB	Manager, Programming	\$101,877.00	\$28,937.00
Ont. Hydro	HARRISON	S	Engineer/Technical Off-Commercial & Res.	\$110,687.00	\$4,447.00
Ont. Hydro	HARRISON	T	Mechanical Maintainer Union Trades Supv	\$110,798.00	\$1,178.00
Ont. Hydro	HARTEL	W	Mgr, Radioactive Materials Transport	\$101,820.00	\$26,713.00
Ont. Hydro	HARTLEY	PN	Authorized Nuclear Operator	\$111,258.00	\$436.00
Ont. Hydro	HARTNIG	P	Shift Unit Supervisor	\$102,667.00	\$419.00
Ont. Hydro	HARVEY	B	Operations Supervisor	\$116,370.00	\$518.00
Ont. Hydro	HASCAL	M	Sectn Mgr, Safety Devc & Equip	\$104,487.00	\$46,511.00
Ont. Hydro	HASTINGS	B	Sr Planning/Marketing/Reporting	\$115,027.00	\$516.00
Ont. Hydro	HATHOUT	I	Design Engr Spec-Lne Stuct, Lne Fndatn	\$118,653.00	\$480.00
Ont. Hydro	HAURANEY	P	Regional Maintainer - Lines Uts Level 3	\$103,179.00	\$377.00
Ont. Hydro	HAUSER	G	Mechanical Maintainer Journeyperson	\$102,759.00	\$302.00
Ont. Hydro	HAWLEY	C	Authorized Nuclear Operator	\$103,481.00	\$436.00
Ont. Hydro	HAWLEY	T	Regional Maintainer - Lines Uts Level 3	\$103,746.00	\$377.00
Ont. Hydro	HAY	D	Mechanical Maintainer Journeyperson	\$102,840.00	\$358.00
Ont. Hydro	HAY	L	Shift Superintendent	\$114,204.00	\$609.00
Ont. Hydro	HAYNES	MJ	Manager, Health Physics	\$100,089.00	\$14,201.00
Ont. Hydro	HEALEY	D	Mechanical Maintainer Journeyperson	\$100,573.00	\$358.00
Ont. Hydro	HEARTY	K	Mechanical Maintainer Journeyperson	\$101,614.00	\$925.00
Ont. Hydro	HEATH	DB	Plant Manager, Niagara	\$104,866.00	\$32,642.00
Ont. Hydro	HEBB	J	Human Resources Consultant	\$121,087.00	\$1,460.00
Ont. Hydro	HEDLEY	K	Construction Technician - Civil	\$102,925.00	\$349.00
Ont. Hydro	HEIMLICH	K	Design Engineer - Specialist	\$103,445.00	\$490.00
Ont. Hydro	HELFERTY	B	Mechanical Maintainer Union Trades Supv	\$100,632.00	\$419.00
Ont. Hydro	HENDERSON	T	Shift Superintendent	\$121,418.00	\$598.00
Ont. Hydro	HENDERSON	B	Manager, Forestry Services	\$107,107.00	\$8,359.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	GIBSON	PG	Mgr, Site Implmntation Spprt,	\$100,477.00	\$6,316.00
Ont. Hydro	GIKE	RE	Engineer/Officer-Shift Control	\$106,233.00	\$547.00
Ont. Hydro	GILBERT	K	Shift Supervisor in Training	\$126,645.00	\$528.00
Ont. Hydro	GILBERTSON	L	Production Supervisor - Shift	\$102,375.00	\$826.00
Ont. Hydro	GILL	G	Shift Unit Supervisor	\$102,605.00	\$419.00
Ont. Hydro	GILLARD	B	Mechanical Maintainer Journeyperson	\$103,219.00	\$358.00
Ont. Hydro	GILLESPIE	MP	Director, Regulatory & Stakeholders	\$110,437.00	\$29,146.00
Ont. Hydro	GIRARD	RA	Regional Maintainers I - Lines	\$105,426.00	\$348.00
Ont. Hydro	GLEN	C	Shift Supervisor	\$109,843.00	\$576.00
Ont. Hydro	GLICKSMAN	JE	Director, Financial Plng & Rep	\$132,400.00	\$18,452.00
Ont. Hydro	GLOCKLER	O	Senior Engineer/Scientist/Tech Officer	\$109,292.00	\$402.00
Ont. Hydro	GLUMAC	PJ	Senior Planning Technician	\$114,105.00	\$1,350.00
Ont. Hydro	GOBIN	RR	Mechanical Maintainer Union Trades Supv	\$110,905.00	\$419.00
Ont. Hydro	GODFREY	K	Customer Operations Manager	\$100,055.00	\$538.00
Ont. Hydro	GOLDIE	TI	Vice-President, Human Resource	\$131,293.00	\$20,232.00
Ont. Hydro	GOOD	G	Shift Serviceworker (Thermal)	\$103,518.00	\$433.00
Ont. Hydro	GOODALL	B	Unit Operator	\$102,385.00	\$349.00
Ont. Hydro	GOODMAN	RM	Mgr, Performance Engineering	\$101,904.00	\$6,993.00
Ont. Hydro	GORDON	C	S Mgr, Benchmarking & Dec Support	\$100,387.00	\$578.00
Ont. Hydro	GORDON	J	Regional Line Supervisor	\$100,719.00	\$431.00
Ont. Hydro	GOULD	DL	Shift Superintendent	\$117,562.00	\$620.00
Ont. Hydro	GOULDING	D	Senior VP, Central Market Operations	\$223,200.00	\$50,765.00
Ont. Hydro	GOULOPOULOS	C	Telecommunications Systems Manager	\$111,054.00	\$565.00
Ont. Hydro	GOUSHLEFF	DC	Principal Research Engineer/Scientist	\$101,059.00	\$535.00
Ont. Hydro	GOWANS	W	Technical Superintendent	\$103,870.00	\$536.00
Ont. Hydro	GRABOWSKI	L	Maintenance Superintendent	\$101,099.00	\$418.00
Ont. Hydro	GRAHAM	M	Director, Policy & Standards	\$105,292.00	\$16,013.00
Ont. Hydro	GRAMMELHOFFER	PJ	Authorized Nuclear Operator	\$125,287.00	\$436.00
Ont. Hydro	GRANDE	L	Technical Supervisor	\$108,285.00	\$531.00
Ont. Hydro	GRANT	J	Regional Maintainers I - Lines	\$118,363.00	\$744.00
Ont. Hydro	GRANT	GD	Manager, Modifications	\$100,294.00	\$32,757.00
Ont. Hydro	GRANVILLE	S	Shift Superintendent	\$118,700.00	\$585.00
Ont. Hydro	GRAPER	BJ	Mechanical Maintainer Union Trades Supv	\$101,879.00	\$419.00
Ont. Hydro	GRAUL	L	Mechanical Maintainer Union Trades Supv	\$101,716.00	\$1,130.00
Ont. Hydro	GRAY	RH	Mechanical Maintainer Journeyperson	\$103,531.00	\$404.00
Ont. Hydro	GRAYBIEL	CA	Shift Supervisor	\$101,920.00	\$562.00
Ont. Hydro	GREATRIX	P	Regional Maintainers I - Lines	\$104,279.00	\$348.00
Ont. Hydro	GREBENJAK	FE	Mechanical Maintainer Union Trades Supv	\$110,252.00	\$485.00
Ont. Hydro	GREEN	J	Authorized Nuclear Operator	\$104,598.00	\$761.00
Ont. Hydro	GREEN	R	Regional Maintainers I - Lines	\$107,632.00	\$348.00
Ont. Hydro	GREGOIRE	JW	Authorized Nuclear Operator	\$102,222.00	\$436.00
Ont. Hydro	GREGOR	M	Shift Unit Supervisor	\$110,349.00	\$419.00
Ont. Hydro	GREGORY	B	First Line Manager - Human Res	\$101,289.00	\$525.00
Ont. Hydro	GRICE	DB	Senior Technical Engineer/Officer	\$116,172.00	\$454.00
Ont. Hydro	GRIFFITHS	RP	Shift Operating Supervisor	\$101,544.00	\$504.00
Ont. Hydro	GRILLS	MI	Technician	\$104,356.00	\$371.00
Ont. Hydro	GROVER	D	Sr Advisor, Dist Network Management	\$104,030.00	\$51,409.00
Ont. Hydro	GROVES	S	Senior Planning Technician	\$100,702.00	\$392.00
Ont. Hydro	GUENTCHEVA	D	Senior Design Engineer	\$101,274.00	\$441.00
Ont. Hydro	GUGLIELMI	F	Shift Superintendent	\$124,902.00	\$542.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	HENDERSON	J	Shift Unit Supervisor	\$110,815.00	\$419.00
Ont. Hydro	HENDERSON	C	Shift Emergency Response Manag	\$106,353.00	\$395.00
Ont. Hydro	HENDRIE	C	Senior Production Supervisor	\$106,328.00	\$543.00
Ont. Hydro	HENNESSY	T	Shift Superintendent	\$114,923.00	\$604.00
Ont. Hydro	HERMAN	GR	Senior Protection and Control	\$105,271.00	\$478.00
Ont. Hydro	HERON	W	Regional Maintainer - Electric	\$104,549.00	\$1,060.00
Ont. Hydro	HESS	TE	Exchng Coord - Schedule/Resource/System	\$115,344.00	\$568.00
Ont. Hydro	HEY	IS	Manager, Work Control	\$102,726.00	\$28,936.00
Ont. Hydro	HICKS	R	Provincial Code Engineer	\$107,846.00	\$600.00
Ont. Hydro	HIERLIHY	RJ	Authorized Nuclear Operator	\$106,253.00	\$459.00
Ont. Hydro	HIGGINBOTTOM	PR	Mgr, Maintenance Production	\$117,694.00	\$9,298.00
Ont. Hydro	HILBIG	JE	Manager, Nuclear Safety	\$108,937.00	\$7,747.00
Ont. Hydro	HILL	K	Electrician Foreman Const	\$173,222.00	\$0.00
Ont. Hydro	HILL	D	Team Leader - Transmission Lines	\$105,526.00	\$425.00
Ont. Hydro	HINDMARCH	W	Engineer/Technical Off-Commerical & Res.	\$115,861.00	\$547.00
Ont. Hydro	HO	I	Senior Engineer/Scientist/Tech Officer	\$106,076.00	\$498.00
Ont. Hydro	HOBBS	KG	Prod'n Mntce Supervsr - Operations	\$105,997.00	\$568.00
Ont. Hydro	HODGSON	DW	Training Superintendent	\$116,153.00	\$504.00
Ont. Hydro	HOGAN	MD	Mechanical Maintainer Journeyperson	\$103,517.00	\$997.00
Ont. Hydro	HOGVEEN	WJ	Shift Emergency Response Coordinator	\$112,254.00	\$392.00
Ont. Hydro	HOGG	B	Senior Inspection and Maintenance Tech	\$119,184.00	\$414.00
Ont. Hydro	HOHENDORF	RJ	Manager, I&C Systems & Equipment	\$104,595.00	\$22,262.00
Ont. Hydro	HOLDITCH	AE	Authorized Nuclear Operator	\$100,489.00	\$436.00
Ont. Hydro	HOLMAN	M	Customer Communications Manager	\$101,399.00	\$486.00
Ont. Hydro	HOLME	DA	Outage Manager	\$103,581.00	\$11,381.00
Ont. Hydro	HOLMES	R	Regional Maintainer - Lines Uts Level 3	\$105,128.00	\$377.00
Ont. Hydro	HOLT	AG	Director, Operations & Maintenance	\$137,943.00	\$107,153.00
Ont. Hydro	HOOGENDAM	P	Lead Technologist	\$126,617.00	\$414.00
Ont. Hydro	HOPKINS	F	Operations Coordinator	\$102,414.00	\$809.00
Ont. Hydro	HOSEIN	A	Maintenance Assessor (Nuclear)	\$100,179.00	\$380.00
Ont. Hydro	HOSICK	HO	Transaction Coordinator	\$141,285.00	\$557.00
Ont. Hydro	HOWARD	K	Technical Superintendent	\$103,896.00	\$447.00
Ont. Hydro	HOWAT	D	Group Leader - Transmission Lines	\$103,028.00	\$491.00
Ont. Hydro	HOWES	HA	Dir, Environmental Affairs	\$113,387.00	\$11,915.00
Ont. Hydro	HUDSON	J	Team Leader - Safety	\$109,607.00	\$505.00
Ont. Hydro	HUFFORD	K	Inspection and Maintenance Technician II	\$104,637.00	\$370.00
Ont. Hydro	HUGGARD	W	Shift Operating Supervisor (Authorized)	\$119,611.00	\$555.00
Ont. Hydro	HUGGINS	JW	Senior Engineer/Scientist/Tech Officer	\$110,126.00	\$3,625.00
Ont. Hydro	HUGGON	D	Maintenance Supervisor - Mechanical	\$104,552.00	\$531.00
Ont. Hydro	HUGHSAM	L	Finance Manager	\$100,165.00	\$5,910.00
Ont. Hydro	HUI	DT	Senior Financial Advisor	\$108,474.00	\$43,849.00
Ont. Hydro	HUMINILOWYCZ	YS	Acting Sr Advisor to the CFO	\$118,373.00	\$19,214.00
Ont. Hydro	HUMPHREY	G	Shift Operating Supervisor	\$100,646.00	\$474.00
Ont. Hydro	HUMPHRIES	AA	Mgr, System Operations & Mntce	\$103,769.00	\$30,982.00
Ont. Hydro	HUNT	T	Maintenance Superintendent	\$104,344.00	\$604.00
Ont. Hydro	HUNTER	C	Assistant Safety Officer	\$103,022.00	\$452.00
Ont. Hydro	HUPALO	W	Senior Shift Control Technician	\$102,585.00	\$1,434.00
Ont. Hydro	HUSAR	WO	Planning Supervisor	\$117,592.00	\$416.00
Ont. Hydro	HUSSEY	F	Mechanical Maintainer Union Trades Supv	\$113,091.00	\$419.00
Ont. Hydro	HUTCHINS	G	Mechanical Maintainer Union Trades Supv	\$104,731.00	\$445.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	HUTCHISON	G	Senior Technical Supervisor	\$104,878.00	\$551.00
Ont. Hydro	HWANG	J	Senior Technical Analyst	\$113,069.00	\$482.00
Ont. Hydro	HYNES	J	Senior Inspection and Maintenance Tech	\$113,961.00	\$414.00
Ont. Hydro	IAFRATE	D	Director, Site Support	\$120,327.00	\$40,443.00
Ont. Hydro	IMMS	BK	Dir, External Liaison Yr 2000 Project	\$104,666.00	\$12,932.00
Ont. Hydro	INDEWEY	R	Exchng Coord - Schedule/Resource/System	\$105,435.00	\$536.00
Ont. Hydro	INGRAM	ED	Construction Technician - Civil	\$104,463.00	\$349.00
Ont. Hydro	INKSTER	B	Authorized Nuclear Operator	\$112,373.00	\$397.00
Ont. Hydro	INNIS	IR	Manager, Planning & Reporting	\$103,413.00	\$16,918.00
Ont. Hydro	INWOOD	E	General Foreman "A" - Lines	\$102,739.00	\$1,188.00
Ont. Hydro	IPSEN	F	Contract Engineer/Administrator	\$101,495.00	\$492.00
Ont. Hydro	IRVINE	R	Planning Supervisor	\$145,665.00	\$488.00
Ont. Hydro	IRWIN	RW	Major Panel Operator	\$104,171.00	\$364.00
Ont. Hydro	IRWIN	B	Regional Maintainer - Lines Uts Level 3	\$101,319.00	\$377.00
Ont. Hydro	IVANOFF	NV	SM, Fire Protection	\$119,366.00	\$752.00
Ont. Hydro	IWATA	SR	Mechanical Maintainer Union Trades Supv	\$105,279.00	\$736.00
Ont. Hydro	JACKSON	B	Project Leader-Ohn Im Systems Strategy	\$103,465.00	\$558.00
Ont. Hydro	JAGER	GA	Outage Manager	\$110,182.00	\$18,100.00
Ont. Hydro	JAKOV	I	Mechanical Maintainer Journeyperson	\$104,559.00	\$358.00
Ont. Hydro	JAMES	RA	Generation Planning Coordinator	\$113,293.00	\$580.00
Ont. Hydro	JANNAWAY	W	Computer, Telephony & Process Manager	\$104,167.00	\$5,068.00
Ont. Hydro	JARRETT	RL	Shift Operating Supervisor (Authorized)	\$110,660.00	\$574.00
Ont. Hydro	JAYAWEERA	C	Senior Engineer/Scientist/Tech Officer	\$110,563.00	\$481.00
Ont. Hydro	JELINSKI	E	Technical Superintendent	\$101,639.00	\$540.00
Ont. Hydro	JESSOP	RJ	Director, Project Management	\$102,592.00	\$30,201.00
Ont. Hydro	JIBB	ML	Mechanical Maintainer Union Trades Supv	\$112,638.00	\$419.00
Ont. Hydro	JOACHIM	J	Senior Information Systems Analyst	\$109,121.00	\$482.00
Ont. Hydro	JOHNSTON	JW	Mechanical Maintainer Journeyperson	\$102,967.00	\$860.00
Ont. Hydro	JOHNSTON	RC	Authorized Nuclear Operator	\$111,639.00	\$1,323.00
Ont. Hydro	JOHNSTONE	G	Authorized Nuclear Operator	\$104,650.00	\$436.00
Ont. Hydro	JONES	S	Regional Maintainers I - Lines	\$101,628.00	\$348.00
Ont. Hydro	JONES	RA	Plant Manager, Lakeview GS	\$117,813.00	\$13,716.00
Ont. Hydro	JONES	DR	Mechanical Maintainer Union Trades Supv	\$119,750.00	\$419.00
Ont. Hydro	JONES	D	Senior Shift Control Technician	\$112,578.00	\$418.00
Ont. Hydro	JONES	AM	Mechanical Maintainer Journeyperson	\$109,771.00	\$563.00
Ont. Hydro	KALINOVICH	M	Engineer/Officer-Shift Control	\$106,099.00	\$531.00
Ont. Hydro	KALLOO	J	Mechanical Maintainer Union Trades Supv	\$102,062.00	\$419.00
Ont. Hydro	KAMINSKI	J	Senior Technical Supervisor	\$111,320.00	\$531.00
Ont. Hydro	KAMZOL	SF	Business Development Manager	\$105,069.00	\$10,356.00
Ont. Hydro	KATSUYAMA	TT	Design Engineer Specialist - Instrumenta	\$106,729.00	\$487.00
Ont. Hydro	KAVANAUGH	D	Regional Line Supervisor	\$106,883.00	\$409.00
Ont. Hydro	KEELER	RJ	General Foreman - Mechanical	\$111,411.00	\$573.00
Ont. Hydro	KELLESTINE	R	Asst Mgr, Provincial Lines	\$111,193.00	\$6,438.00
Ont. Hydro	KELLY	RN	Unauthorized First Operator	\$107,152.00	\$413.00
Ont. Hydro	KELLY	JG	Authorized Nuclear Operator	\$102,401.00	\$436.00
Ont. Hydro	KELLY	J	Regional Line Supervisor	\$107,219.00	\$438.00
Ont. Hydro	KERNIUS	H	Senior Design Specialist	\$103,296.00	\$775.00
Ont. Hydro	KETCHABAW	W	Customer Operations Manager	\$105,448.00	\$803.00
Ont. Hydro	KEUNG	F	Senior Control Engineer	\$102,293.00	\$504.00
Ont. Hydro	KHANNA	M	Sr Mgr, Distribution Network Services	\$104,119.00	\$17,448.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	KHOMARLOU	D	Senior Telecommunications Engineer/Offic	\$102,538.00	\$435.00
Ont. Hydro	KIES	GP	Authorized Nuclear Operator	\$118,342.00	\$436.00
Ont. Hydro	KIM	N	Technical Specialist	\$128,939.00	\$535.00
Ont. Hydro	KIMMERLE	L	Senior Engineer/Scientist/Tech Offcr	\$104,380.00	\$441.00
Ont. Hydro	KIMMETT	S	Authorized Nuclear Operator	\$104,842.00	\$436.00
Ont. Hydro	KIMPEL	DT	Shift Superintendent	\$128,222.00	\$597.00
Ont. Hydro	KING	DW	Mechanical Maintainer Journeyperson	\$100,695.00	\$576.00
Ont. Hydro	KING	J	Technical Superintendent	\$107,849.00	\$562.00
Ont. Hydro	KING	GE	Shift Supervisor	\$109,997.00	\$598.00
Ont. Hydro	KING	FK	Mgr, Nuclear Waste Disposal	\$103,530.00	\$12,166.00
Ont. Hydro	KINGSTON	R	Maintenance Assessor (Nuclear)	\$103,352.00	\$905.00
Ont. Hydro	KINITZ	EE	Authorized Nuclear Operator	\$112,712.00	\$436.00
Ont. Hydro	KINSELLA	K	Senior Thermal Station Engineer	\$108,739.00	\$457.00
Ont. Hydro	KIRKHAM	C	Planning Supervisor	\$107,047.00	\$426.00
Ont. Hydro	KIRKPATRICK	J	Transaction Coordinator	\$108,564.00	\$399.00
Ont. Hydro	KITSCHA	B	Mgr, Mechanical Systems & Equip	\$105,275.00	\$29,083.00
Ont. Hydro	KLASEN	P	Engineer/Officer-Shift Control	\$101,538.00	\$525.00
Ont. Hydro	KLOOSTRA	W	Mgr, Joint Use Agrmnts, H&S	\$100,113.00	\$6,099.00
Ont. Hydro	KNOLL	KJ	Authorized Nuclear Operator	\$103,678.00	\$449.00
Ont. Hydro	KNOLL	J	Shift Mechanical Maintainer I	\$108,524.00	\$616.00
Ont. Hydro	KNOTT	A	Shift Site Supervisor	\$102,802.00	\$418.00
Ont. Hydro	KOBAYASHI	MK	Mechanical Maintainer Journeyperson	\$121,189.00	\$677.00
Ont. Hydro	KOBER	K	Shift Control Technician	\$110,751.00	\$600.00
Ont. Hydro	KOMOSA	Z	Senior Technical Engineer/Officer	\$106,840.00	\$473.00
Ont. Hydro	KORTEKAAS	J	Technical Supervisor	\$100,942.00	\$486.00
Ont. Hydro	KOWALEWSKI	J	Principal Research Engineer/Scientist	\$109,781.00	\$555.00
Ont. Hydro	KRANE	R	Authorized Nuclear Operator	\$113,880.00	\$436.00
Ont. Hydro	KRANE	P	Supervising Nuclear Operator	\$123,696.00	\$2,127.00
Ont. Hydro	KRASZNAI	JP	Principal Research Engineer/Scientist	\$105,882.00	\$558.00
Ont. Hydro	KRETZ	S	Senior Inspection and Maintenance Tech	\$100,083.00	\$414.00
Ont. Hydro	KREZANOWSKI	SJ	Maintenance Superintendent	\$114,216.00	\$527.00
Ont. Hydro	KREZANOWSKI	J	Maintenance Superintendent	\$101,342.00	\$590.00
Ont. Hydro	KRUKOWSKI	M	Technical Superintendent	\$144,888.00	\$566.00
Ont. Hydro	KUNG	J	Shift Unit Supervisor	\$100,034.00	\$410.00
Ont. Hydro	KUPCIS	O.A.	President & CEO	\$942,959.00	\$2,018.00
Ont. Hydro	KVALTIN	DF	Senior Shift Control Technician	\$106,311.00	\$418.00
Ont. Hydro	KYPROS	A	Senior Protection and Control	\$104,892.00	\$480.00
Ont. Hydro	LAFLEUR	D	Level 1A Operator	\$116,800.00	\$401.00
Ont. Hydro	LAGAN	G	Maintenance Superintendent	\$107,841.00	\$508.00
Ont. Hydro	LAIRD	FJ	Shift Supervisor	\$116,741.00	\$571.00
Ont. Hydro	LAJOIE	RJ	Section Manager, BBSS Ops	\$128,534.00	\$610.00
Ont. Hydro	LALONDE	RG	Mgr, Components & Equipment	\$103,651.00	\$13,988.00
Ont. Hydro	LAM	SN	Senior Information Systems Analyst	\$107,917.00	\$498.00
Ont. Hydro	LAM	F	Technical Supervisor	\$103,688.00	\$530.00
Ont. Hydro	LAM	W	Assoc Engineer/Scientist/Tech Officer	\$147,754.00	\$415.00
Ont. Hydro	LAM	V	Senior Technical Analyst	\$100,928.00	\$462.00
Ont. Hydro	LAMONT	D	Lineman Foreman Construction	\$101,189.00	\$0.00
Ont. Hydro	LAMPI	RG	Mechanical Maintainer Journeyperson	\$110,307.00	\$625.00
Ont. Hydro	LANE	JOHN	Customer Operations Manager	\$106,118.00	\$974.00
Ont. Hydro	LANE	L	Authorized Nuclear Operator	\$112,910.00	\$436.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	LANGEVINE	JK	Shift Maintenance Supervisor	\$102,592.00	\$522.00
Ont. Hydro	LANNIGAN	T	Regional Maintainers I - Lines	\$108,583.00	\$348.00
Ont. Hydro	LAPORTE	R	Shift Operating Supervisor	\$112,585.00	\$477.00
Ont. Hydro	LARATTA	E	Supervisor Environmental Studies	\$107,584.00	\$537.00
Ont. Hydro	LARIVIERE	JA	Shift Maintenance Supervisor-Multi-Funct	\$101,495.00	\$504.00
Ont. Hydro	LASKOWSKI	T	Trades Supervisor Maintenance	\$125,548.00	\$467.00
Ont. Hydro	LAST	MS	Senior Shift Control Technician	\$105,758.00	\$418.00
Ont. Hydro	LATIMER	R	Shift Supervisor in Training	\$103,843.00	\$583.00
Ont. Hydro	LAUCLAN	IE	Senior Project Manager	\$136,061.00	\$38,100.00
Ont. Hydro	LAUGHLIN	S	Plumber/Pipefitter Foreman - Const	\$107,976.00	\$0.00
Ont. Hydro	LAUZON	A	Technician V - Geotechnical	\$108,953.00	\$392.00
Ont. Hydro	LAVIGNE	R	Senior Planning Technician	\$106,761.00	\$392.00
Ont. Hydro	LAWRENCE	C	VP, Venture Development	\$166,250.00	\$35,628.00
Ont. Hydro	LAWRENCE	H	Shift Maintenance Supervisor-Multi-Funct	\$103,734.00	\$497.00
Ont. Hydro	LAWSON	BM	Authorized Nuclear Operator	\$115,660.00	\$1,010.00
Ont. Hydro	LAZENBY	LT	Human Resources Consultant	\$111,039.00	\$18,128.00
Ont. Hydro	LAZIC	M	S M, Piping Syst & Supp Des & Const.	\$109,150.00	\$574.00
Ont. Hydro	LEA	EE	Director, Public Affairs GENCO	\$103,564.00	\$739.00
Ont. Hydro	LEAVITT	R	Shift Superintendent	\$118,016.00	\$617.00
Ont. Hydro	LECLERC	A	Technician - Organic Analysis	\$101,476.00	\$349.00
Ont. Hydro	LEE	DT	Chief Information Officer	\$107,179.00	\$8,392.00
Ont. Hydro	LEE	W	Director, IT Strtgy & Policies	\$146,009.00	\$45,151.00
Ont. Hydro	LEES	AR	Mgr, Fuel Handling	\$102,432.00	\$15,737.00
Ont. Hydro	LEIFSO	B	Shift Operating Supervisor (Authorized)	\$108,885.00	\$547.00
Ont. Hydro	LEIGHTON	GR	Project Leader-Ohn Im Systems	\$103,336.00	\$582.00
Ont. Hydro	LEJAMBE	R	Thermal Technologist	\$100,529.00	\$336.00
Ont. Hydro	LENARDUZZI	J	Shift Maintenance Supervisor	\$100,772.00	\$504.00
Ont. Hydro	LEONOFF	L	Sr VP, General Counsel & Secretarial	\$246,720.00	\$57,945.00
Ont. Hydro	LESCHUK	BP	Manager, Procurement Strategy	\$102,878.00	\$11,651.00
Ont. Hydro	LEUNG	PK	Senior Information Systems Analyst	\$100,732.00	\$510.00
Ont. Hydro	LEUNG	D	Senior Engineer - Civ./Mech./Elect	\$103,077.00	\$489.00
Ont. Hydro	LEUNG	RK	Supervising Design Engineer	\$112,563.00	\$571.00
Ont. Hydro	LEWIS	RE	Director, Training & Simulator Serv	\$115,051.00	\$317.00
Ont. Hydro	LEWIS	N	Mechanical Maintainer Journeyperson	\$106,824.00	\$358.00
Ont. Hydro	LI	BS	Acting, Chief Operations Offcr	\$101,297.00	\$13,222.00
Ont. Hydro	LIBICH	S	Senior Industrial Hygienist	\$103,133.00	\$549.00
Ont. Hydro	LICHTENBERGER	PC	Manager, Material Technology	\$103,968.00	\$39,021.00
Ont. Hydro	LIMA	JM	Construction Technician - Civil	\$105,427.00	\$349.00
Ont. Hydro	LIPINSKI	A	Mechanical Maintainer Journeyperson	\$101,339.00	\$358.00
Ont. Hydro	LIPPERT	T	Authorized Nuclear Operator	\$108,381.00	\$436.00
Ont. Hydro	LLOYD	NE	Shift Emergency Response Coordinator	\$105,695.00	\$431.00
Ont. Hydro	LOCOCO	B	Trades Mgmt. Supervisor - Hydroelect	\$106,667.00	\$431.00
Ont. Hydro	LOFTUS	T	Technical Supervisor	\$105,595.00	\$570.00
Ont. Hydro	LOGIE	A	Senior Production Supervisor	\$108,112.00	\$562.00
Ont. Hydro	LONDON	I	Sr VP, Diversified Operations	\$210,600.00	\$43,544.00
Ont. Hydro	LONG	T	Authorized Nuclear Operator	\$110,273.00	\$3,655.00
Ont. Hydro	LONG	FG	Director, Financial Strategy & Policy	\$125,946.00	\$32,419.00
Ont. Hydro	LONGLEY	DC	Shift Maintenance Supervisor-Multi-Funct	\$130,246.00	\$537.00
Ont. Hydro	LONGMORE	M	General Foreman - Mechanical	\$118,641.00	\$1,637.00
Ont. Hydro	LOO	P	Section Head - Finance	\$102,241.00	\$555.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	LOOTSMA	L	Performance Assurance	\$109,595.00	\$529.00
Ont. Hydro	LOPEZ	EM	Mgr, Electrical Systems & Equip	\$100,726.00	\$7,577.00
Ont. Hydro	LOTHMAN	E	Authorized Nuclear Operator	\$100,888.00	\$436.00
Ont. Hydro	LOUGHRAN	CC	Finance Manager	\$106,876.00	\$43,425.00
Ont. Hydro	LOW	P	Shift Supervisor	\$131,463.00	\$594.00
Ont. Hydro	LOWAS	OF	Chief Architect	\$103,924.00	\$18,636.00
Ont. Hydro	LUCENTE	J	Resident Construction Supervisor - Hydra	\$105,997.00	\$983.00
Ont. Hydro	LUCKAI	W	Construction Technician - Civil	\$107,685.00	\$349.00
Ont. Hydro	LUDWINSKI	RS	Mechanical Maintainer Union Trades Supv	\$102,995.00	\$419.00
Ont. Hydro	LUFFMAN	JS	Prodn Mtnce Supervsr - Operations	\$106,896.00	\$465.00
Ont. Hydro	LUTZ	R	Authorized Nuclear Operator	\$100,872.00	\$436.00
Ont. Hydro	LUXAT	JC	Manager, Nuclear Safety Technology	\$101,733.00	\$19,135.00
Ont. Hydro	LYNCH	VJ	Director, Hydroelectric Production	\$129,082.00	\$29,520.00
Ont. Hydro	MAAHS	R	Maintenance Coordinator	\$111,310.00	\$559.00
Ont. Hydro	MACBAIN	T	Supervising Nuclear Operator	\$101,795.00	\$398.00
Ont. Hydro	MACDONALD	GG	Shift Superintendent	\$120,824.00	\$615.00
Ont. Hydro	MACDONALD	B	Shift Supervisor in Training	\$115,312.00	\$583.00
Ont. Hydro	MACDONALD	GE	Shift Superintendent	\$110,298.00	\$620.00
Ont. Hydro	MACDONALD	W	Mechanical Maintainer Journey person	\$115,972.00	\$381.00
Ont. Hydro	MACDOUGALL	J	Dir, Perf Measurement & Benchmarking	\$104,768.00	\$33,079.00
Ont. Hydro	MACEDO	FX	Director, Transmission Operations	\$106,127.00	\$33,787.00
Ont. Hydro	MACFARLANE	T	Manager, Special Projects	\$154,649.00	\$6,430.00
Ont. Hydro	MACGILLIVRAY	E	Level 1A Operator	\$105,858.00	\$401.00
Ont. Hydro	MACGREGOR	BN	SM, Fuel Handling Operation	\$114,722.00	\$569.00
Ont. Hydro	MACHON	R	Vice President	\$789,625.00	\$20,117.00
Ont. Hydro	MACINTYRE	B	Shift Maintenance Supervisor	\$105,043.00	\$511.00
Ont. Hydro	MACKAY	S	Pay & Benefits Systems Dev. Analyst	\$117,331.00	\$427.00
Ont. Hydro	MACKENZIE	IB	Plant Manager, Northeast	\$100,161.00	\$9,799.00
Ont. Hydro	MACKINNON	B	Senior Technical Engineer/Officer	\$104,760.00	\$440.00
Ont. Hydro	MACKLIN	J	Authorized Nuclear Operator in Training	\$100,200.00	\$436.00
Ont. Hydro	MACLEAN	P	Trades Supervisor Maintenance	\$104,538.00	\$452.00
Ont. Hydro	MACLEOD	MJ	Manager, Common Services	\$100,499.00	\$5,523.00
Ont. Hydro	MACMILLAN	PD	Manager, Legal Services Corp Bus Dvlpmnt	\$114,159.00	\$9,345.00
Ont. Hydro	MACMILLAN	DC	Shift Operating Supervisor (Authorized)	\$127,577.00	\$553.00
Ont. Hydro	MACNAUGHTON	J	Area Distribution Engineering	\$108,700.00	\$348.00
Ont. Hydro	MACPHEE	D	Regional Maintainers I - Lines	\$106,337.00	\$348.00
Ont. Hydro	MACTAVISH	BD	VP, Regulatory Affairs	\$126,514.00	\$43,918.00
Ont. Hydro	MADAN	O	Training Superintendent	\$102,934.00	\$573.00
Ont. Hydro	MAGEE	D	Shift Production Technician Planning	\$104,557.00	\$713.00
Ont. Hydro	MAHADEO	KR	Shift Maintenance Supervisor	\$115,417.00	\$547.00
Ont. Hydro	MALES	R	Senior Protection and Control	\$109,496.00	\$1,511.00
Ont. Hydro	MALLETTE	GE	Shift Emergency Response Coordinator	\$119,016.00	\$392.00
Ont. Hydro	MALO	A	Sr Exchange Engineer/Officer	\$100,635.00	\$603.00
Ont. Hydro	MANLEY	B	Director, Human Resources	\$113,981.00	\$43,732.00
Ont. Hydro	MANNERS	R	Shift Supervisor in Training	\$103,518.00	\$553.00
Ont. Hydro	MARCUCCI	PA	Director, Employee Services	\$107,666.00	\$16,625.00
Ont. Hydro	MARCZAK	J	Technical Superintendent	\$126,182.00	\$447.00
Ont. Hydro	MARGERUM	BS	Authorized Nuclear Operator	\$104,050.00	\$436.00
Ont. Hydro	MARIA	GA	Protection & Control Technologist	\$102,993.00	\$42,670.00
Ont. Hydro	MARSALA	J	Technologist	\$134,225.00	\$414.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	MARTIN	C	Senior Technical Supervisor	\$109,450.00	\$525.00
Ont. Hydro	MARTIN	K	Mechanical Maintainer Journeyperson	\$100,206.00	\$358.00
Ont. Hydro	MARTIN	L	Shift Maintenance Supervisor-Multi-Funct	\$101,735.00	\$455.00
Ont. Hydro	MARTIN	JE	Team Leader - Health & Safety	\$112,965.00	\$542.00
Ont. Hydro	MARTIN	T	Mechanical Maintainer Union Trades Supv	\$100,333.00	\$419.00
Ont. Hydro	MARTIN	R	Shift Unit Supervisor	\$112,218.00	\$419.00
Ont. Hydro	MARTIN	L	Regional Line Supervisor	\$103,792.00	\$431.00
Ont. Hydro	MARX	M	Exchng Coord - Schedule/Resources	\$100,385.00	\$484.00
Ont. Hydro	MASSEY	RE	Principal Research Engineer/Scientist	\$116,336.00	\$543.00
Ont. Hydro	MATHER	AJ	Shift Control Technician	\$101,676.00	\$1,442.00
Ont. Hydro	MATT	R	Senior Protection and Control	\$106,884.00	\$451.00
Ont. Hydro	MATTHEWS	J	Mechanical Maintainer Journeyperson	\$104,186.00	\$358.00
Ont. Hydro	MATTHEWS	R	Shift Trades Mgmt Supvr - Mech	\$100,306.00	\$442.00
Ont. Hydro	MAUGHAN	PR	Technical Superintendent	\$110,000.00	\$547.00
Ont. Hydro	MAURICE	CG	Lead Technologist	\$104,895.00	\$414.00
Ont. Hydro	MAYER	P	Principal Research Engineer/Scientist	\$102,332.00	\$542.00
Ont. Hydro	MAYER	DH	Training Officer	\$104,086.00	\$488.00
Ont. Hydro	MCARTHUR	S	Engineer/Technical Off-Commercial & Res.	\$104,679.00	\$3,291.00
Ont. Hydro	MCBRIEN	GR	Manager, Utility Commercial Relations	\$103,081.00	\$37,952.00
Ont. Hydro	MCCABE	C	Supervising Field Technician	\$125,057.00	\$347.00
Ont. Hydro	MCCABE	D	Senior Engineer/Scientist/Tech Officer	\$118,599.00	\$474.00
Ont. Hydro	MCCABE	B	Supervising Nuclear Operator	\$103,460.00	\$398.00
Ont. Hydro	MCCAFFERTY	J	Senior Operations Analyst	\$105,837.00	\$470.00
Ont. Hydro	MCCALLUM	RD	Regional Line Supervisor	\$128,750.00	\$429.00
Ont. Hydro	MCCAULEY	GF	Chief Physician	\$126,781.00	\$1,567.00
Ont. Hydro	MCCLEERY SCAN	B	Senior Information Systems Analyst	\$100,575.00	\$461.00
Ont. Hydro	MCCLELLAND	R	Project Mgr, Pay & Benefits	\$100,744.00	\$7,294.00
Ont. Hydro	MCCLEVIS	B	Regional Maintainer - Lines Uts Level 3	\$112,761.00	\$377.00
Ont. Hydro	MCCONNELL	JT	Shift Superintendent	\$136,394.00	\$619.00
Ont. Hydro	MCCONVILLE	S	Senior Technical Engineer/Officer	\$105,391.00	\$456.00
Ont. Hydro	MCCORMACK	G	Shift Supervisor	\$132,119.00	\$571.00
Ont. Hydro	MCCORMICK	P	Shift Operating Supervisor	\$129,690.00	\$2,012.00
Ont. Hydro	MCCULLOCH	JH	Mechanical Maintainer Union Trades Supv	\$114,021.00	\$419.00
Ont. Hydro	MCDONALD	DF	Maintenance Superintendent	\$101,613.00	\$581.00
Ont. Hydro	MCDONNELL	PB	Shift Operating Supervisor (Authorized)	\$101,498.00	\$536.00
Ont. Hydro	MCDUGALL	SJ	Mgr, Fuel Handling	\$106,112.00	\$20,673.00
Ont. Hydro	MCDOWELL	S	Section Head - Business Controls and Stu	\$102,172.00	\$451.00
Ont. Hydro	MCEWAN	MJ	Shift Maintenance Team Leader	\$102,583.00	\$461.00
Ont. Hydro	MCEWAN	W	Supervising Design Engineer	\$101,121.00	\$565.00
Ont. Hydro	MCEWEN	T	Shift Superintendent	\$118,938.00	\$620.00
Ont. Hydro	MCEWEN	R	Shift Maintenance Supervisor-Multi-Funct	\$130,340.00	\$507.00
Ont. Hydro	MC GEE	BE	VP, Integrated Improvement Project	\$110,951.00	\$91,931.00
Ont. Hydro	MCGILL	B	Authorized Nuclear Operator	\$101,413.00	\$436.00
Ont. Hydro	MCGINNIS	MJ	Acting District Manager, NE Dist.	\$151,586.00	\$34,882.00
Ont. Hydro	MCGOWAN	D	Trades Management Supervisor-Hydroelect	\$100,161.00	\$435.00
Ont. Hydro	MCGRATH	DJ	Senior Shift Control Technician	\$103,941.00	\$418.00
Ont. Hydro	MCGRATH	D	Regional Maintainers I - Lines	\$100,619.00	\$348.00
Ont. Hydro	MCINNES	D	Senior Technical Engineer/Officer	\$123,415.00	\$464.00
Ont. Hydro	MCKAY	LD	Finance Manager	\$104,141.00	\$20,687.00
Ont. Hydro	MCKEE	B	Maintenance Superintendent	\$106,392.00	\$620.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	MCKENZIE	D	Unit Pair Outage Coordinator	\$108,209.00	\$879.00
Ont. Hydro	MCLAUGHLIN	B	Regional Line Supervisor	\$102,528.00	\$439.00
Ont. Hydro	MCLELLAN	G	Exchng Coord - Schedule/Resource/System	\$112,289.00	\$541.00
Ont. Hydro	MCLENNAN	R	Senior Production Supervisor	\$104,156.00	\$542.00
Ont. Hydro	MCLEOD	R	Regional Maintainer - Lines Uts Level 3	\$114,675.00	\$377.00
Ont. Hydro	MCLEOD	K	Regional Maintainer - Lines Uts Level 3	\$114,509.00	\$377.00
Ont. Hydro	MCMANUS	D	Shift Maintenance Team Leader	\$111,545.00	\$462.00
Ont. Hydro	MCMILLAN	L	Mgr, Trades Training Services	\$104,726.00	\$8,237.00
Ont. Hydro	MCMINN	S	Shift Unit Supervisor	\$112,822.00	\$419.00
Ont. Hydro	MCMULLEN	D	Production Supervisor - Technical	\$110,578.00	\$499.00
Ont. Hydro	MCMULLIN	B	Regional Maintainers I - Lines	\$101,123.00	\$348.00
Ont. Hydro	MCMUNN	A	Regional Maintainers I - Lines	\$100,497.00	\$348.00
Ont. Hydro	MCNAUGHTON	D	General Foreman - Mechanical	\$107,890.00	\$547.00
Ont. Hydro	MCNEIL	P	Vice-President, Corporate Planning	\$179,900.00	\$70,997.00
Ont. Hydro	MCRAE	LJ	VP, Nuclear Human Resources	\$137,523.00	\$21,521.00
Ont. Hydro	MCTAVISH	G	Vice-President, Labour Relations	\$226,826.00	\$1,040.00
Ont. Hydro	MCVEETY	M	Exchng Coord - Schedule/Resource/System	\$101,524.00	\$531.00
Ont. Hydro	MCWADE	B	SM, Oper. Mods Spprt	\$114,484.00	\$453.00
Ont. Hydro	MEIKLEJOHN	B	Dir, Strategic Procurement	\$101,193.00	\$15,055.00
Ont. Hydro	MELNYK	J	Construction Technician - Civil	\$116,994.00	\$349.00
Ont. Hydro	MELROSE	PR	Senior Inspection and Maintenance Tech	\$102,447.00	\$414.00
Ont. Hydro	MENEELY	D	Maintenance Assessor (Nuclear)	\$100,305.00	\$1,176.00
Ont. Hydro	MENHENIOTT	W	Shift Superintendent	\$135,104.00	\$625.00
Ont. Hydro	MERAW	DF	Mgr, Maintenance Production	\$108,769.00	\$20,448.00
Ont. Hydro	MERCHAND	M	Regional Maintainer - Electric	\$109,574.00	\$703.00
Ont. Hydro	MEYER	C	Mechanical Maintainer Union Trades Supv	\$105,351.00	\$419.00
Ont. Hydro	MEYER	G	Exchng Coord - Schedule/Resource/System	\$101,886.00	\$531.00
Ont. Hydro	MEYSNER	A	Snr. Nuclear Design Eng. - Spec	\$118,061.00	\$566.00
Ont. Hydro	MIKASINOVIC	M	Senior Design Specialist	\$103,935.00	\$535.00
Ont. Hydro	MIKHAIL	A	Hydraulic Studies Engineer	\$118,700.00	\$498.00
Ont. Hydro	MILLAR	TK	Manager, Finance	\$103,925.00	\$7,444.00
Ont. Hydro	MILLER	J	Trades Mangement Supervisor - Hydroelect	\$107,081.00	\$438.00
Ont. Hydro	MILLER	W	Supervising Nuclear Operator	\$107,538.00	\$2,239.00
Ont. Hydro	MILLER	V	Production Supervisor - Technical	\$114,041.00	\$525.00
Ont. Hydro	MILLER	K	Regional Maintainer - Lines Uts Level 3	\$113,634.00	\$377.00
Ont. Hydro	MILLER	BR	Production Supervisor - Operations	\$101,387.00	\$524.00
Ont. Hydro	MILLER	B	Regional Line Supervisor	\$106,205.00	\$437.00
Ont. Hydro	MILLER	AD	Exchng Coord - Schedule/Resource/System	\$105,727.00	\$566.00
Ont. Hydro	MILLER	MV	Shift Maintenance Supervisor-Multi-Funct	\$100,047.00	\$463.00
Ont. Hydro	MILLEY	DS	Shift Superintendent	\$119,263.00	\$546.00
Ont. Hydro	MILLS	K	Shift Operating Supervisor (Authorized)	\$106,568.00	\$539.00
Ont. Hydro	MILLS	JE	Maintenance Assessor (Nuclear)	\$104,855.00	\$412.00
Ont. Hydro	MILLS	B	Authorized Nuclear Operator	\$106,699.00	\$368.00
Ont. Hydro	MILTON	LE	Production Supervisor - Technical/Chemic	\$100,254.00	\$604.00
Ont. Hydro	MIMNAGH	JJ	Mechanical Maintainer Union Trades Supv	\$108,491.00	\$1,072.00
Ont. Hydro	MISTRY	H	Senior Technical Engineer/Officer	\$107,446.00	\$482.00
Ont. Hydro	MISTRY	JK	Design Engineer - Specialist	\$100,590.00	\$541.00
Ont. Hydro	MITCHELL	GE	Technical Superintendent	\$105,518.00	\$470.00
Ont. Hydro	MITCHELL	G	Technical Supervisor	\$105,487.00	\$484.00
Ont. Hydro	MITCHELL	D	Nuclear Security Guard	\$116,383.00	\$263.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	MITCHELL	D	Construction Technician - Civil	\$102,598.00	\$349.00
Ont. Hydro	MITCHELL	B	Protection & Control Supt.	\$130,162.00	\$195.00
Ont. Hydro	MOES	RJ	Mechanical Maintainer Union Trades Supv	\$116,855.00	\$420.00
Ont. Hydro	MOFFAT	DA	Senior Design Engineer	\$117,558.00	\$498.00
Ont. Hydro	MOHINDRA	RK	Director, Station Engineering	\$120,877.00	\$31,993.00
Ont. Hydro	MOMBOURQUETTE	K	Manager, Performance Assurance	\$101,658.00	\$565.00
Ont. Hydro	MONGER	B	Engineer/Technical Off-Commercial & Res.	\$132,969.00	\$541.00
Ont. Hydro	MOORE	R	Shift Superintendent	\$108,963.00	\$609.00
Ont. Hydro	MOORE	RH	Mgr, Plant Design Engineering	\$100,060.00	\$36,224.00
Ont. Hydro	MOORE	EF	Senior Information Security Advisor	\$122,729.00	\$528.00
Ont. Hydro	MOORTHY	M	Director, Compensation & Benefits	\$138,944.00	\$62,637.00
Ont. Hydro	MORAN	M	Shift Maintenance Supervisor-Multi-Funct	\$135,076.00	\$522.00
Ont. Hydro	MORDEN	L	Regional Maintainer - Lines Uts Level 3	\$101,221.00	\$377.00
Ont. Hydro	MORRISON	VA	Mechanical Maintainer Journeyperson	\$106,837.00	\$358.00
Ont. Hydro	MORRISON	J	Senior Technical Engineer/Officer	\$103,791.00	\$487.00
Ont. Hydro	MORRISON	HH	Manager, Nuclear Waste Operation	\$102,794.00	\$23,246.00
Ont. Hydro	MORRISON	BC	VP, Mngd Syst & Oprtns Perf Assurance	\$127,757.00	\$26,962.00
Ont. Hydro	MORRISSEY O R	MA	Senior Advisor, Health & Safety	\$100,859.00	\$13,830.00
Ont. Hydro	MOTHERWELL	I	Asst General Counsel, Engineering Serv	\$129,935.00	\$23,215.00
Ont. Hydro	MOUNTFORD	BE	Business Development Manager	\$120,114.00	\$15,387.00
Ont. Hydro	MOUSSADJI	H	Supervising Equipment Engineer	\$116,682.00	\$525.00
Ont. Hydro	MUELLER	H	Mechanical Maintainer Union Trades Supv	\$100,633.00	\$419.00
Ont. Hydro	MULLAN	J	Nuclear Operator	\$107,271.00	\$307.00
Ont. Hydro	MULLIGAN	JC	Treasurer	\$142,090.00	\$33,913.00
Ont. Hydro	MUNRO	MD	Mechanical Maintainer Union Trades Supv	\$114,152.00	\$419.00
Ont. Hydro	MURPHY	JM	Senior Advisor, Nuclear Governance	\$102,768.00	\$9,654.00
Ont. Hydro	MURPHY	PM	VP, Market Effectiveness & Evolution	\$134,777.00	\$17,711.00
Ont. Hydro	MURRAY	S	Meter & Relay Services - First Line Mgr	\$105,193.00	\$602.00
Ont. Hydro	MURRAY	J	Vault Supervisor	\$106,475.00	\$497.00
Ont. Hydro	NASH	KE	Vice-President, Nuclear Waste	\$146,048.00	\$37,698.00
Ont. Hydro	NAWACKI	H	Senior Engineer/Scientist/Tech Officer	\$136,310.00	\$497.00
Ont. Hydro	NAYLOR	R	Shift Site Supervisor	\$100,059.00	\$429.00
Ont. Hydro	NEALE	R	Mechanical Maintainer Journeyperson	\$108,279.00	\$609.00
Ont. Hydro	NEEDHAM	L	Sectn Mgr, Budgetary Ctrl	\$102,738.00	\$7,304.00
Ont. Hydro	NEESOM	R	Mechanical Maintainer Journeyperson	\$101,597.00	\$302.00
Ont. Hydro	NEILPOVITZ	WD	Mechanical Maintainer Journeyperson	\$103,302.00	\$543.00
Ont. Hydro	NEUFELD	DE	Authorized Nuclear Operator	\$112,535.00	\$1,313.00
Ont. Hydro	NEWBOLD	J	Senior Protection and Control	\$112,213.00	\$492.00
Ont. Hydro	NEWBY	PC	Manager, External Investments	\$103,922.00	\$33,553.00
Ont. Hydro	NEWCOMBE	D	Shift Supervisor	\$112,629.00	\$583.00
Ont. Hydro	NEWMAN	G	Senior Design Specialist	\$120,220.00	\$529.00
Ont. Hydro	NEWNHAM	M	Shift Mtce Suprv (Control or Mechanical)	\$107,047.00	\$528.00
Ont. Hydro	NEWTON	W	Regional Maintainers I - Lines	\$103,239.00	\$348.00
Ont. Hydro	NG	M	Chief Financial Offcr, SERVCO	\$209,220.00	\$36,087.00
Ont. Hydro	NG	WY	Senior Design Specialist	\$109,746.00	\$515.00
Ont. Hydro	NGUI YEN	D	Mgr, Financial Support Svcs	\$104,189.00	\$11,327.00
Ont. Hydro	NICOL	B	Chief Financial Officer	\$157,666.00	\$27,478.00
Ont. Hydro	NICOL	K	Regional Line Supervisor	\$114,915.00	\$761.00
Ont. Hydro	NISBETT	S	Authorized Nuclear Operator	\$100,988.00	\$436.00
Ont. Hydro	NIXON	R	Site Vice President, Bruce	\$122,443.00	\$37,380.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	NOAKES	J	Shift Superintendent	\$112,484.00	\$596.00
Ont. Hydro	NODWELL	T	Senior User Representative	\$101,761.00	\$555.00
Ont. Hydro	NORMAN	P	Shift Superintendent	\$125,251.00	\$589.00
Ont. Hydro	NORONHA	J	Superintendent - Radiological Services	\$101,742.00	\$9,239.00
Ont. Hydro	NOWAK	EJ	Shift Maintenance Supervisor	\$108,744.00	\$522.00
Ont. Hydro	NUTTALL	PJ	Shift Superintendent	\$125,824.00	\$603.00
Ont. Hydro	OBRIEN	AS	Shift Operating Supervisor	\$121,611.00	\$2,002.00
Ont. Hydro	OBUCHOWSKI	G	Technical Supervisor	\$101,345.00	\$516.00
Ont. Hydro	OCCLESTON	L	Authorized Nuclear Operator	\$104,635.00	\$436.00
Ont. Hydro	O'CONNOR	JR	Director, Services Integration	\$118,938.00	\$51,045.00
Ont. Hydro	O'GRADY	JP	Service Mgr, Environmental H&S Services	\$104,987.00	\$33,166.00
Ont. Hydro	OGRAM	GL	Director, Strategic Development	\$122,487.00	\$16,708.00
Ont. Hydro	O'HARE	KW	Shift Maintenance Supervisor-Multi-Funct	\$101,798.00	\$463.00
Ont. Hydro	O'HEARN	G	Senior Vice-President, Network	\$195,319.00	\$25,865.00
Ont. Hydro	OLIVA	NF	Mgr, Operational Business Planning	\$111,972.00	\$14,370.00
Ont. Hydro	O'NEILL	S	Shift Supervisor in Training	\$115,829.00	\$537.00
Ont. Hydro	ORD	N	Maintenance Assessor (Nuclear)	\$100,167.00	\$362.00
Ont. Hydro	OSBORNE	R	President & CEO	\$1,150,000.00	\$2,581,047.00
Ont. Hydro	OSLER	C	Director, Corporate Security	\$107,765.00	\$4,293.00
Ont. Hydro	OSMARS	KA	Manager, Ottawa District	\$109,481.00	\$24,965.00
Ont. Hydro	OUELLETTE	M	Regional Line Supervisor	\$103,912.00	\$446.00
Ont. Hydro	OVERY	JD	Director, Info Management	\$100,966.00	\$14,508.00
Ont. Hydro	OWENS	D	Mechanical Maintainer Journeyperson	\$100,870.00	\$369.00
Ont. Hydro	PACKER	C	Site Vice-President, Darlington	\$143,334.00	\$18,744.00
Ont. Hydro	PAETZOLD	H	Technical Superintendent	\$137,208.00	\$549.00
Ont. Hydro	PAGE	J	Technical Services Coordinator	\$117,028.00	\$487.00
Ont. Hydro	PALERMO	V	Senior Technical Engineer/Officer	\$112,557.00	\$468.00
Ont. Hydro	PAPAILIAS	W	Supervising Design Engineer	\$103,013.00	\$600.00
Ont. Hydro	PAQUIN	G	Shift Superintendent	\$114,886.00	\$540.00
Ont. Hydro	PARE	MJ	Mechanical Maintainer Journeyperson	\$110,098.00	\$1,509.00
Ont. Hydro	PARKIN	P	Senior Design Specialist	\$104,791.00	\$529.00
Ont. Hydro	PARKS	B	Inspection and Maintenance Technician II	\$101,369.00	\$370.00
Ont. Hydro	PAROSCHY	R	Senior Information Systems Analyst	\$116,395.00	\$374.00
Ont. Hydro	PARRY	D	Maintenance Assessor (Nuclear)	\$102,449.00	\$1,216.00
Ont. Hydro	PARTON	JG	Shift Operating Supervisor (Authorized)	\$112,215.00	\$539.00
Ont. Hydro	PASQUET	P	Shift Superintendent	\$108,614.00	\$632.00
Ont. Hydro	PATERSON	G	Technical Supervisor	\$106,388.00	\$511.00
Ont. Hydro	PATTISON	C	Manager, Work Control	\$100,772.00	\$7,857.00
Ont. Hydro	PAUTLER	CJ	Director, Policy & Research	\$108,000.00	\$1,760.00
Ont. Hydro	PAW	E	Computer & Communications Systems Off.	\$108,579.00	\$490.00
Ont. Hydro	PAYNE	BJ	Senior Planning Technician	\$108,161.00	\$828.00
Ont. Hydro	PEABODY	W	Vice President	\$948,188.00	\$283,128.00
Ont. Hydro	PEINHOPF	LS	Senior Construction Technician	\$110,570.00	\$370.00
Ont. Hydro	PELLINI	F	Transaction Coordinator	\$128,343.00	\$462.00
Ont. Hydro	PENNOCK	DM	Authorized Nuclear Operator	\$103,469.00	\$436.00
Ont. Hydro	PEPPER	SP	Supervising Nuclear Operator	\$102,720.00	\$1,105.00
Ont. Hydro	PEPLER	B	Regional Maintainers I - Lines	\$118,155.00	\$348.00
Ont. Hydro	PEQUEGNAT	JA	Mechanical Maintainer Journeyperson	\$104,736.00	\$723.00
Ont. Hydro	PEREIRA	NF	Manager, Information Systems	\$103,675.00	\$2,758.00
Ont. Hydro	PERRON	R	Helicopter Pilot	\$109,040.00	\$547.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	PHAIR	D	Mechanical Maintainer Union Trades Supv	\$103,086.00	\$419.00
Ont. Hydro	PHILLIPS	C	Shift Maintenance Supervisor-Multi-Funct	\$112,573.00	\$471.00
Ont. Hydro	PHORSON	FH	Authorized Nuclear Operator	\$110,310.00	\$449.00
Ont. Hydro	PILGER	B	Shift Superintendent	\$129,769.00	\$615.00
Ont. Hydro	PILON	P	Shift Superintendent	\$125,783.00	\$581.00
Ont. Hydro	PIOTROWSKI	E	Senior Information Systems Analyst	\$106,421.00	\$461.00
Ont. Hydro	PIPER	ML	Mechanical Maintainer Union Trades Supv	\$103,782.00	\$481.00
Ont. Hydro	PITRE	G	Senior Planning Technician	\$101,491.00	\$414.00
Ont. Hydro	PLACEK	R	Senior Engineer/Scientist/Tech Officer	\$105,651.00	\$500.00
Ont. Hydro	PLAICE	RB	Supervising Nuclear Operator	\$103,228.00	\$650.00
Ont. Hydro	PLOURDE	M	Trade Supervisor - Electrical	\$100,571.00	\$444.00
Ont. Hydro	PLOURDE	J	Production Superintendent	\$144,908.00	\$626.00
Ont. Hydro	POON	A	Senior Information Systems Analyst	\$107,020.00	\$452.00
Ont. Hydro	POTVIN	D	Maintenance Supervisor - Control	\$116,451.00	\$531.00
Ont. Hydro	POULIN	M	Maintenance Assessor (Nuclear)	\$101,895.00	\$378.00
Ont. Hydro	POULIN	RP	Technical Supervisor	\$104,453.00	\$535.00
Ont. Hydro	POWELL	RJ	Shift Superintendent	\$118,378.00	\$615.00
Ont. Hydro	POWER	DJ	Sr Mgr, Investment Planning	\$110,265.00	\$31,400.00
Ont. Hydro	POZEGA	I	Trades Supervisor Maintenance	\$105,493.00	\$458.00
Ont. Hydro	PRANGE	G	Operations Coordinator - Fuel Handling	\$107,364.00	\$555.00
Ont. Hydro	PRESTON	ER	VP, Corporate Services	\$151,150.00	\$7,627.00
Ont. Hydro	PRESTON	E	Vice President - Naop Coordination	\$781,790.00	\$14,080.00
Ont. Hydro	PRIEST	H	Regional Maintainers I - Lines	\$100,094.00	\$348.00
Ont. Hydro	PRINCE	CR	Shift Maintenance Supervisor	\$101,147.00	\$513.00
Ont. Hydro	PRIOR	J	VP, General Counsel Services	\$217,211.00	\$43,386.00
Ont. Hydro	PURCELL	RM	Technical Supervisor	\$101,537.00	\$531.00
Ont. Hydro	PUSKAS	ID	Mktg Project Director	\$107,377.00	\$14,801.00
Ont. Hydro	QUALTROUGH	W	Single Unit Shift Supervisor	\$116,799.00	\$500.00
Ont. Hydro	QUELCH	PJ	General Manager, Commercial Ops	\$163,942.00	\$9,119.00
Ont. Hydro	QUINN	JM	Regional Line Supervisor	\$105,456.00	\$446.00
Ont. Hydro	RADANOVIC	S	Shift Mechanical Maintainer I	\$110,697.00	\$396.00
Ont. Hydro	RAE	C	Authorized Nuclear Operator in Training	\$100,571.00	\$427.00
Ont. Hydro	RAE	CC	Mechanical Maintainer Union Trades Supv	\$105,625.00	\$419.00
Ont. Hydro	RAINVILLE	G	Mechanical Maintainer Union Trades Supv	\$103,909.00	\$419.00
Ont. Hydro	RAMJIST	S	Shift Superintendent	\$112,352.00	\$596.00
Ont. Hydro	RANCE	J	Regional Maintainers I - Lines	\$103,014.00	\$348.00
Ont. Hydro	RANDALL	KS	Authorized Nuclear Operator	\$111,709.00	\$436.00
Ont. Hydro	RANNEM	S	Supervising Design Engineer - Control	\$118,045.00	\$555.00
Ont. Hydro	RAVEN	KM	Manager, Programming	\$130,302.00	\$19,778.00
Ont. Hydro	RAYMOND	S	Mechanical Maintainer Journeyman	\$105,081.00	\$358.00
Ont. Hydro	REECE	B	Regional Maintainer - Electric	\$103,603.00	\$699.00
Ont. Hydro	REID	D	Regional Maintainer - Lines Uts Level 3	\$108,933.00	\$377.00
Ont. Hydro	REID	DE	Authorized Nuclear Operator	\$107,355.00	\$436.00
Ont. Hydro	REID	JG	Engineer/Technical Off-Commercial & Res.	\$106,256.00	\$2,124.00
Ont. Hydro	REID	JS	Contract Engineer/Administrator	\$101,407.00	\$443.00
Ont. Hydro	REID	RG	Unauthorized First Operator	\$100,664.00	\$411.00
Ont. Hydro	REINWALD	W	Mechanical Maintainer Union Trades Supv	\$108,257.00	\$465.00
Ont. Hydro	REPATH	PV	Construction Technician - Civil	\$104,059.00	\$359.00
Ont. Hydro	RESMER	K	Regional Maintainer - Lines Uts Level 3	\$101,277.00	\$377.00
Ont. Hydro	REYNOLDS	BR	Manager, Line Design	\$108,598.00	\$9,235.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	REZEL	A	Senior Information Systems Analyst	\$108,393.00	\$491.00
Ont. Hydro	RHODES	R	Mgr, Dist Network Dsgn & Stnds	\$110,915.00	\$489.00
Ont. Hydro	RICHARDSON	J	Section Manager, Dosimetry	\$100,880.00	\$3,611.00
Ont. Hydro	RIMMER	F	Mgr, Line Sustainment Prgms	\$101,009.00	\$39,958.00
Ont. Hydro	RITCHIE	ID	Shift Emergency Response Coordinator	\$102,015.00	\$392.00
Ont. Hydro	RIVETT	D	Regional Maintainers I - Lines	\$102,262.00	\$348.00
Ont. Hydro	ROBB	L	Senior Information Systems Analyst	\$102,096.00	\$391.00
Ont. Hydro	ROBBINS	T	Technical Superintendent	\$110,787.00	\$530.00
Ont. Hydro	ROBBINS	W	Manager, Maintenance Support	\$116,920.00	\$9,904.00
Ont. Hydro	ROBBINS	R	Regional Line Supervisor	\$109,114.00	\$437.00
Ont. Hydro	ROBERTS	B	Area Distribution Engineering Technician	\$121,551.00	\$349.00
Ont. Hydro	ROBERTS	J	Technical Supervisor	\$105,049.00	\$531.00
Ont. Hydro	ROBERTSON	J	Supervising Nuclear Operator	\$107,725.00	\$398.00
Ont. Hydro	ROBERTSON	DL	Mechanical Maintainer Union Trades Supv	\$102,271.00	\$419.00
Ont. Hydro	ROBERTSON	T	Shift Trades Mgmt Supvr - Mech	\$100,530.00	\$433.00
Ont. Hydro	ROBINSON	K	Exec VP & Managing Director, Trans	\$198,000.00	\$64,287.00
Ont. Hydro	ROCHE	G	Maintenance Superintendent	\$106,655.00	\$559.00
Ont. Hydro	ROCK	DD	Mechanical Maintainer Journeyperson	\$118,746.00	\$584.00
Ont. Hydro	ROCK	TJ	Senior Solicitor, Corporate Services	\$103,792.00	\$29,032.00
Ont. Hydro	RODARO	N	Mechanical Maintainer Union Trades Supv	\$113,652.00	\$419.00
Ont. Hydro	ROE	J	Planning Supervisor	\$105,118.00	\$896.00
Ont. Hydro	ROGER	MJ	Senior Financial Advisor, Generation	\$105,699.00	\$15,002.00
Ont. Hydro	ROGERS	JR	Director, Contractor Mgmt	\$127,630.00	\$83,409.00
Ont. Hydro	ROLAND	G	Shift Control Technician	\$105,436.00	\$374.00
Ont. Hydro	ROLES	WD	Regional Line Supervisor	\$104,893.00	\$431.00
Ont. Hydro	ROMAIN	DL	Authorized Nuclear Operator	\$111,396.00	\$436.00
Ont. Hydro	ROMANOWICZ	D	Safety Specialist, Protective	\$105,225.00	\$487.00
Ont. Hydro	RONCHKA	RA	Director, Commercial Market	\$115,686.00	\$32,533.00
Ont. Hydro	ROSE	J	Mechanical Maintainer Journeyperson	\$110,014.00	\$358.00
Ont. Hydro	ROSEBOROUGH	A	Shift Superintendent	\$129,379.00	\$610.00
Ont. Hydro	ROSS	B	Senior Planning Technician	\$116,336.00	\$379.00
Ont. Hydro	ROSS	D	Manager, Nuclear Fuel Supply	\$100,260.00	\$7,817.00
Ont. Hydro	ROSS	G	Inspection and Maintenance Technician II	\$101,099.00	\$370.00
Ont. Hydro	ROSSINI	G	Senior Financial Strategist	\$102,752.00	\$12,697.00
Ont. Hydro	ROWE	WR	Authorized Nuclear Operator	\$107,219.00	\$908.00
Ont. Hydro	ROWLANDSON	R	Senior Protection and Control	\$115,958.00	\$453.00
Ont. Hydro	ROYCE	CJ	Mgr, Plant Design Engineering	\$101,189.00	\$9,510.00
Ont. Hydro	ROZA	K	Shift Maintenance Supervisor	\$109,443.00	\$444.00
Ont. Hydro	RUDOWICZ	B	Supervising Nuclear Operator	\$108,662.00	\$398.00
Ont. Hydro	RUNNINGS	P	Senior Information Systems Analyst	\$103,951.00	\$406.00
Ont. Hydro	RUPERT	R	Shift Unit Supervisor	\$106,528.00	\$410.00
Ont. Hydro	RUSOV	T	General Manager, Distribution Network	\$133,693.00	\$23,672.00
Ont. Hydro	RUSSELL	DP	Authorized Nuclear Operator	\$110,201.00	\$436.00
Ont. Hydro	RUSSELL	K	Technical Supervisor	\$105,679.00	\$504.00
Ont. Hydro	RUSSWURM	G	Regional Maintainer - Lines Uts Level 3	\$100,170.00	\$377.00
Ont. Hydro	RYAN	JR	Manager, Env, Safety & Health	\$102,450.00	\$15,717.00
Ont. Hydro	RYDER	S	Shift Superintendent	\$123,681.00	\$597.00
Ont. Hydro	RYMES	M	Technical Superintendent	\$112,270.00	\$537.00
Ont. Hydro	SAKULA	M	Trades Supervisor Maintenance	\$103,824.00	\$467.00
Ont. Hydro	SALT	RA	Manager, System Planning	\$101,135.00	\$23,295.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	SALVADOR	D	Shift Control Technician	\$106,787.00	\$325.00
Ont. Hydro	SANBORN	J	Shift Maintenance Supervisor-Multi-Funct	\$103,247.00	\$504.00
Ont. Hydro	SANDE	A	Authorized Nuclear Operator	\$106,827.00	\$436.00
Ont. Hydro	SANFORD	G	Director, Technical Services & Eng.	\$449,912.00	\$742.00
Ont. Hydro	SAPIRO	M	Shift Supervisor	\$120,458.00	\$562.00
Ont. Hydro	SAUTER	C	General Foreman "A" - Lines	\$111,718.00	\$1,177.00
Ont. Hydro	SAUVE	R	Principal Research Engineer/Scientist	\$119,329.00	\$571.00
Ont. Hydro	SAVAGE	M	Technical Superintendent	\$150,080.00	\$598.00
Ont. Hydro	SAWYER	D	Unit Pair Outage Coordinator	\$127,357.00	\$500.00
Ont. Hydro	SAWYER	DM	Supervising Design Engineer - Electrical	\$105,808.00	\$586.00
Ont. Hydro	SAWYER	WE	Director, Finance	\$106,983.00	\$18,729.00
Ont. Hydro	SAXTON	SD	Shift Superintendent	\$131,250.00	\$615.00
Ont. Hydro	SCANLAN	HR	Regional Line Supervisor	\$104,339.00	\$439.00
Ont. Hydro	SCARTH	D	Principal Research Engineer/Scientist	\$126,819.00	\$555.00
Ont. Hydro	SCHEER HENNIN	M	Regional Maintainers I - Lines	\$101,632.00	\$348.00
Ont. Hydro	SCHETAKIS	J	Manager, U.S. Equities	\$222,745.00	\$43,934.00
Ont. Hydro	SCHMIDT	DJ	Manager, System Operations	\$113,756.00	\$641.00
Ont. Hydro	SCHOENERKLEE	W	Mechanical Maintainer Journeyperson	\$100,762.00	\$302.00
Ont. Hydro	SCHOFIELD	P	General Foreman - Mechanical	\$110,892.00	\$551.00
Ont. Hydro	SCHRYER	R	Authorized Nuclear Operator	\$118,583.00	\$1,564.00
Ont. Hydro	SCHUELKE	BO	Sr Advisor, Reg Affrs & Nuc Assurance	\$127,034.00	\$12,706.00
Ont. Hydro	SCHULTZ	PA	Mechanical Maintainer Union Trades Supv	\$102,195.00	\$419.00
Ont. Hydro	SCHURTER	T	Mechanical Maintainer Journeyperson	\$107,018.00	\$779.00
Ont. Hydro	SCHWABE	UA	Outage Manager	\$102,468.00	\$5,440.00
Ont. Hydro	SCHWEMLER	AM	Manager, Corporate Accounting	\$113,493.00	\$5,335.00
Ont. Hydro	SCOTT	A	Customer Operations Manager	\$113,374.00	\$500.00
Ont. Hydro	SCOTT	WK	General Foreman - Electrical	\$110,283.00	\$554.00
Ont. Hydro	SCOTT	RN	Shift Operating Supervisor (Authorized)	\$116,739.00	\$536.00
Ont. Hydro	SCOTT	R	Ironworker Foreman Construction	\$109,360.00	\$0.00
Ont. Hydro	SCOWCROFT	M	Shift Operating Supervisor	\$106,277.00	\$525.00
Ont. Hydro	SEEDHOUSE	SA	Manager, Work Control	\$111,483.00	\$15,412.00
Ont. Hydro	SEIGEL	T	Maintenance Superintendent	\$101,055.00	\$497.00
Ont. Hydro	SELKIRK	SJ	Authorized Nuclear Operator	\$103,409.00	\$436.00
Ont. Hydro	SELLERS	CC	Mgr, Components & Equipment	\$103,486.00	\$21,333.00
Ont. Hydro	SERENA	SJ	Asst General Counsel-Employment Law	\$115,733.00	\$15,126.00
Ont. Hydro	SEVERIN	MH	Vault Supervisor	\$104,550.00	\$463.00
Ont. Hydro	SEVERIN	S	Maintenance Assessor (Nuclear)	\$106,957.00	\$378.00
Ont. Hydro	SHALABY	AS	Manager, Network Contract	\$104,995.00	\$16,303.00
Ont. Hydro	SHARAWY	PS	Project Manager	\$100,334.00	\$526.00
Ont. Hydro	SHARP	J	Technical Superintendent	\$104,663.00	\$565.00
Ont. Hydro	SHAW	JJ	Director, Operations & Maintenance	\$115,046.00	\$53,141.00
Ont. Hydro	SHEEDY	V	Site Project Engineer/Officer	\$124,292.00	\$566.00
Ont. Hydro	SHEEHAN	MJ	GM, Supply Chain & Spprt Svcs	\$146,050.00	\$69,249.00
Ont. Hydro	SHELEGY	HP	Manager, Fleet Management Serv	\$100,292.00	\$3,304.00
Ont. Hydro	SHELTON	DG	Gnrl Mgr, Transmission Network	\$161,090.00	\$119,833.00
Ont. Hydro	SHEPPARD	D	Authorization Training Supervisor	\$120,152.00	\$553.00
Ont. Hydro	SHEWCHUK	J	Senior Planner - Stakeholder Relations	\$126,557.00	\$463.00
Ont. Hydro	SHORE	K	Technical Supervisor	\$101,585.00	\$505.00
Ont. Hydro	SHOREY	WK	Authorized Nuclear Operator	\$106,881.00	\$1,280.00
Ont. Hydro	SHUM	KH	Director, I/T Infrastructure	\$110,740.00	\$46,319.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	SIDOCK	B	Engineer/Technical Off-Commercial & Res.	\$114,119.00	\$2,582.00
Ont. Hydro	SIEKIERSKI	L	Senior Technical Engineer/Officer	\$109,289.00	\$462.00
Ont. Hydro	SIMARD	GD	Manager, Human Resources	\$114,694.00	\$33,292.00
Ont. Hydro	SIMM	G	Trades Supervisor Maintenance	\$116,663.00	\$446.00
Ont. Hydro	SIMMONS	P	Shift Mechanical Maintainer I	\$111,698.00	\$354.00
Ont. Hydro	SIMMONS	WJ	Mgr, Configuration Management	\$110,622.00	\$19,541.00
Ont. Hydro	SIMOES	AF	Authorized Nuclear Operator	\$109,923.00	\$436.00
Ont. Hydro	SIMOVIC	R	Plant Manager, Nanticoke GS	\$120,610.00	\$36,742.00
Ont. Hydro	SIMPSON	B	Retail Customer Supervisor	\$119,132.00	\$384.00
Ont. Hydro	SIMPSON	B	Authorized Nuclear Operator	\$109,019.00	\$482.00
Ont. Hydro	SIMPSON	DN	Regional Maintainers I - Lines	\$120,137.00	\$348.00
Ont. Hydro	SIMPSON	K	Shift Maintenance Supervisor	\$109,550.00	\$512.00
Ont. Hydro	SIMPSON	R	Production Supervisor - Shift	\$103,297.00	\$469.00
Ont. Hydro	SINFELD	EJ	Authorized Nuclear Operator	\$114,844.00	\$436.00
Ont. Hydro	SINGH	VP	Principal Research Engineer/Scientist	\$104,052.00	\$557.00
Ont. Hydro	SIROTA	Y	Shift Superintendent	\$117,421.00	\$610.00
Ont. Hydro	SKEARS	J	Director, Nuclear Engineering	\$121,125.00	\$11,871.00
Ont. Hydro	SKINNER	L	Customer Operations Manager	\$107,888.00	\$500.00
Ont. Hydro	SKRINS	HE	Supervising Nuclear Operator	\$108,826.00	\$4,082.00
Ont. Hydro	SMAILL	N	Senior Information Systems Analyst	\$113,993.00	\$469.00
Ont. Hydro	SMART	PF	Authorized Nuclear Operator	\$103,619.00	\$436.00
Ont. Hydro	SMITH	W	Director, Prfmnc Msrmt Strtgy	\$101,080.00	\$8,804.00
Ont. Hydro	SMITH	WF	Director, Materials Management	\$114,039.00	\$13,122.00
Ont. Hydro	SMITH	R	Authorized Nuclear Operator	\$111,177.00	\$368.00
Ont. Hydro	SMITH	R	Shift Operating Supervisor (Authorized)	\$102,214.00	\$537.00
Ont. Hydro	SMITH	SK	Regional Maintainer - Lines Uts Level 3	\$105,147.00	\$377.00
Ont. Hydro	SMITH	DW	Mechanical Maintainer Journeyperson	\$100,104.00	\$933.00
Ont. Hydro	SMITH	G	Senior Business Analyst	\$109,343.00	\$411.00
Ont. Hydro	SMITH	GS	Technical Supervisor	\$114,750.00	\$458.00
Ont. Hydro	SMITH	JJ	Authorized Nuclear Operator	\$101,091.00	\$436.00
Ont. Hydro	SMITH	L	Territory Mgr Inspection	\$101,002.00	\$784.00
Ont. Hydro	SMITH	ME	Single Unit Shift Supervisor	\$122,068.00	\$594.00
Ont. Hydro	SMITH	P	Shift Superintendent	\$128,464.00	\$610.00
Ont. Hydro	SMOCKUM	S	Customer Operations Manager	\$104,866.00	\$811.00
Ont. Hydro	SMUCK	D	General Foreman - Piping	\$106,813.00	\$892.00
Ont. Hydro	SNOW	JG	Projects & Modifications	\$116,487.00	\$525.00
Ont. Hydro	SOARES	J	Authorized Nuclear Operator	\$102,478.00	\$436.00
Ont. Hydro	SOGAWA	RA	GM, Mtce Construction & Operations	\$151,702.00	\$84,182.00
Ont. Hydro	SOHI	R	Protection and Control Supervisor	\$100,477.00	\$342.00
Ont. Hydro	SOUTHER	DW	Manager, Reactor Engineering & Service	\$183,121.00	\$21,167.00
Ont. Hydro	SPARKS	C	Territory Mgr Inspection	\$108,071.00	\$1,334.00
Ont. Hydro	SPEKKENS	P	Vice-President, Technical Supp	\$129,085.00	\$7,644.00
Ont. Hydro	SPELT	M	Technical Supervisor	\$102,806.00	\$590.00
Ont. Hydro	SPROULE	DW	Regional Line Supervisor	\$106,202.00	\$431.00
Ont. Hydro	ST MARTIN	A	Authorized Nuclear Operator	\$101,879.00	\$4,868.00
Ont. Hydro	STAFFORD	DW	Vault Supervisor	\$110,926.00	\$406.00
Ont. Hydro	STARK	CE	Authorized Nuclear Operator	\$113,335.00	\$573.00
Ont. Hydro	STARK	F	Supervising Nuclear Operator	\$110,886.00	\$398.00
Ont. Hydro	STATHAM	T	Regional Line Supervisor	\$104,540.00	\$431.00
Ont. Hydro	STEELE	J	Regional Maintainer - Lines Uts Level 3	\$104,829.00	\$377.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	STEPHAN	N	Maintenance Superintendent	\$108,129.00	\$482.00
Ont. Hydro	STEVENS	S	Maintenance Superintendent	\$127,877.00	\$596.00
Ont. Hydro	STEVENS	CH	Director, Settlements	\$104,499.00	\$36,473.00
Ont. Hydro	STEVENS	DN	Shift Maintenance Supervisor	\$121,971.00	\$521.00
Ont. Hydro	STEVENS	M	Mechanical Maintainer Journeyperson	\$100,979.00	\$358.00
Ont. Hydro	STEVENSON	C	Authorized Nuclear Operator	\$104,138.00	\$436.00
Ont. Hydro	STEWART	BB	Director, Station Engineering	\$115,317.00	\$76,187.00
Ont. Hydro	STEWART	RE	Authorized Nuclear Operator	\$123,689.00	\$1,209.00
Ont. Hydro	STEWART	R	Exec VP, Transmission & Dist	\$209,831.00	\$54,350.00
Ont. Hydro	STILES	K	Safety Specialist	\$102,893.00	\$412.00
Ont. Hydro	STOCK	S	Technical Superintendent	\$107,396.00	\$501.00
Ont. Hydro	STOCK	C	Admin Nuclear Executive Services	\$198,863.00	\$271.00
Ont. Hydro	STOCKMANN	J	Planning Technician	\$100,720.00	\$563.00
Ont. Hydro	STORY	BR	Mgr, Labour Relations Nuclear	\$105,271.00	\$38,553.00
Ont. Hydro	STOTHERS	JE	Director, Internal Investments	\$308,612.00	\$65,074.00
Ont. Hydro	STOUT	JK	Planning Supervisor	\$100,670.00	\$897.00
Ont. Hydro	STOWELL	N	Supervising Design Engineer	\$101,054.00	\$580.00
Ont. Hydro	STOYANOVICH	S	Senior Technical Engineer/Officer	\$100,745.00	\$447.00
Ont. Hydro	STRACK	R	Regional Maintainer - Lines Uts Level 3	\$102,368.00	\$377.00
Ont. Hydro	STRICKERT	B	Site Vice-President, Pickering	\$178,608.00	\$26,592.00
Ont. Hydro	STROME	SL	Vice-President, Labour Relations	\$165,510.00	\$56,127.00
Ont. Hydro	STRYBOS	J	Senior Technical Analyst	\$100,256.00	\$491.00
Ont. Hydro	STUART	D	River Control Supervisor	\$103,217.00	\$430.00
Ont. Hydro	STUBBERT	DG	Shift Superintendent	\$101,557.00	\$598.00
Ont. Hydro	STUCCHI	C	Senior Protection and Control	\$103,497.00	\$478.00
Ont. Hydro	SUBBAYYA	KK	Mgr, Info Systems/Info Technology	\$104,041.00	\$23,460.00
Ont. Hydro	SULEMAN	AR	Treasurer	\$119,992.00	\$7,672.00
Ont. Hydro	SUMMERS	K	Customer Operations Manager	\$111,229.00	\$488.00
Ont. Hydro	SURI	V	Gnrl Mgr, Dstrbtn Network Assets	\$173,673.00	\$39,030.00
Ont. Hydro	SUTTER	BH	Authorized Nuclear Operator	\$112,077.00	\$436.00
Ont. Hydro	SUTTON	K	Technical Superintendent	\$100,618.00	\$549.00
Ont. Hydro	SUTTON	DR	Regional Maintainer - Electrical Uts	\$102,701.00	\$717.00
Ont. Hydro	SWEENEY	D	Regional Maintainers I - Lines	\$100,048.00	\$348.00
Ont. Hydro	SWORD	F	Shift Trades Mgmt Supvr - Mech	\$109,903.00	\$432.00
Ont. Hydro	SYKES	RB	Mechanical Maintainer Union Trades Supv	\$102,439.00	\$419.00
Ont. Hydro	SYMMONS	WR	Manager, Design Projects	\$109,023.00	\$15,446.00
Ont. Hydro	SYMONDS	DM	Mechanical Maintainer Journeyperson	\$103,987.00	\$563.00
Ont. Hydro	SZABOTOTH	C	Shift Superintendent	\$108,080.00	\$598.00
Ont. Hydro	SZEWCZYK	B	Regional Line Supervisor	\$102,986.00	\$439.00
Ont. Hydro	TAILLON	J	Maintenance Assessor (Nuclear)	\$100,931.00	\$380.00
Ont. Hydro	TALBOT	K	Site Vice-President, Pickering	\$160,061.00	\$440.00
Ont. Hydro	TALNARIU	E	Technical Superintendent	\$128,573.00	\$614.00
Ont. Hydro	TAMMADGE	J	Plant Manager, Ottawa-St. Lawrence	\$101,564.00	\$10,064.00
Ont. Hydro	TATE	DG	Regional Maintainer - Mech Uts Lvl 3	\$105,009.00	\$538.00
Ont. Hydro	TAYLOR	CE	Manager, Communication Services	\$101,763.00	\$2,184.00
Ont. Hydro	TAYLOR	DW	Vice President, Fossil	\$125,266.00	\$16,853.00
Ont. Hydro	TAYLOR	G	Regional Line Supervisor	\$112,899.00	\$734.00
Ont. Hydro	TAYLOR	GM	Mechanical Maintainer Journeyperson	\$106,677.00	\$655.00
Ont. Hydro	TAYLOR	JR	Shift Operating Supervisor	\$108,107.00	\$504.00
Ont. Hydro	TAYLOR	M	SM, Fuel Handling Mntce	\$119,597.00	\$503.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	TAYLOR	WP	Vault Supervisor	\$100,112.00	\$463.00
Ont. Hydro	TAYLOR	PG	Field Clerk	\$105,901.00	\$4,083.00
Ont. Hydro	TAYLOR	R	Sr Vice-President, Network Asset Mgmt	\$275,600.00	\$51,183.00
Ont. Hydro	TELFER	A	Supervising Design Engineer - Structural	\$101,745.00	\$574.00
Ont. Hydro	TETI	D	Mechanical Maintainer Journeyperson	\$101,258.00	\$358.00
Ont. Hydro	THAW	DR	Mechanical Maintainer Union Trades Supv	\$106,702.00	\$1,172.00
Ont. Hydro	THIESSEN	J	Regional Line Supervisor	\$100,684.00	\$437.00
Ont. Hydro	THOMAS	D	Senior Planning Technician	\$102,518.00	\$392.00
Ont. Hydro	THOMPSON	G	Shift Operating Supervisor	\$100,728.00	\$468.00
Ont. Hydro	THOMPSON	P	Design Draftsperson - Mechanical	\$105,267.00	\$371.00
Ont. Hydro	THOMSON	B	Transaction Coordinator	\$113,796.00	\$557.00
Ont. Hydro	THORBURN	G	Shift Supervisor	\$110,099.00	\$583.00
Ont. Hydro	THUOT	DM	Authorized Nuclear Operator	\$122,565.00	\$436.00
Ont. Hydro	THURIER	B	Technical Supervisor	\$122,242.00	\$577.00
Ont. Hydro	TIMKO	R	Supervisor - Supply Services	\$106,868.00	\$396.00
Ont. Hydro	TOMAN	M	Mechanical Maintainer Union Trades Supv	\$116,218.00	\$419.00
Ont. Hydro	TOMLIN	TR	Mechanical Maintainer Journeyperson	\$103,754.00	\$586.00
Ont. Hydro	TONELLO	M	Authorized Nuclear Operator	\$110,669.00	\$436.00
Ont. Hydro	TOPPING	A	Maintenance Coordinator	\$121,375.00	\$813.00
Ont. Hydro	TOWN	B	Shift Mechanical Maintainer I	\$101,558.00	\$854.00
Ont. Hydro	TRACEY	W	Shift Unit Supervisor	\$102,447.00	\$419.00
Ont. Hydro	TRELINSKI	M	Senior Engineer/Scientist/Tech Officer	\$116,728.00	\$469.00
Ont. Hydro	TREMBLAY	PF	Vice-President, Nuclear Training	\$126,041.00	\$19,626.00
Ont. Hydro	TRIBOU	JF	Manager, Nuclear Safety	\$102,726.00	\$31,733.00
Ont. Hydro	TRINCA	G	Authorized Nuclear Operator	\$106,053.00	\$436.00
Ont. Hydro	TRUANT	PT	Technical Superintendent	\$106,016.00	\$634.00
Ont. Hydro	TRUAX	CI	Business Development Manager	\$100,786.00	\$5,689.00
Ont. Hydro	TRUFAL	D	Regional Line Supervisor	\$108,313.00	\$414.00
Ont. Hydro	TRYPUC	R	Senior Planning Technician	\$125,231.00	\$414.00
Ont. Hydro	TSANG	R	Senior Research Engineer/Scientist	\$101,190.00	\$474.00
Ont. Hydro	TSCHIRHART	B	Planning Supervisor	\$113,781.00	\$430.00
Ont. Hydro	TULLY	P	Regional Maintainer - Mechanical	\$103,077.00	\$377.00
Ont. Hydro	TUOMI	R	Shift Maintenance Supervisor-Multi-Funct	\$104,405.00	\$503.00
Ont. Hydro	TUPLING	GR	Senior Planning Technician	\$102,697.00	\$414.00
Ont. Hydro	TURCOTTE	K	Senior Shift Control Technician	\$114,628.00	\$781.00
Ont. Hydro	TURNER	F	Technical Superintendent	\$100,946.00	\$542.00
Ont. Hydro	TWOLAN	J	Shift Maintenance Supervisor-Multi-Funct	\$141,700.00	\$531.00
Ont. Hydro	URBAN	DA	Dir, Dist System Planning & Development	\$105,224.00	\$34,701.00
Ont. Hydro	VAN HAEREN	R	Mgr, Station Sustainment Prgms	\$100,625.00	\$18,478.00
Ont. Hydro	VAN LANGEN	J	Senior Engineer/Scientist/Tech Officer	\$112,224.00	\$480.00
Ont. Hydro	VAN OPSTAL	F	Authorized Nuclear Operator	\$110,800.00	\$744.00
Ont. Hydro	VAN VEGHEL	W	Senior Advisor, Human Resources Plng	\$106,072.00	\$23,333.00
Ont. Hydro	VANCE	S	Marketing Supervisor - Customer Service	\$158,357.00	\$459.00
Ont. Hydro	VANDERHEYDEN	JM	Shift Operating Supervisor (Authorized)	\$131,288.00	\$553.00
Ont. Hydro	VANDERZWET	H	Mechanical Maintainer Union Trades Supv	\$103,885.00	\$419.00
Ont. Hydro	VARDY	B	SM, Field Engineering	\$107,134.00	\$496.00
Ont. Hydro	VARRIN	GG	Construction Technician - Civil	\$107,951.00	\$349.00
Ont. Hydro	VASEY	G	Mechanical Maintainer Journeyperson	\$101,759.00	\$772.00
Ont. Hydro	VAUGHAN	D	Senior Information Systems Analyst	\$103,789.00	\$455.00
Ont. Hydro	VEENHOF	JH	Mechanical Maintainer Journeyperson	\$100,153.00	\$677.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	VEINOT	DS	Exec Director, Corp Finance	\$114,796.00	\$31,713.00
Ont. Hydro	VELA	I	Senior Engineer/Scientist/Tech Officer	\$104,973.00	\$469.00
Ont. Hydro	VERBAKEL	F	Shift Unit Supervisor	\$105,157.00	\$349.00
Ont. Hydro	VERT	J	Exchng Coord - Schedule/Resources	\$105,051.00	\$481.00
Ont. Hydro	VESCIO	FC	Human Resources Manager	\$104,831.00	\$25,533.00
Ont. Hydro	VIJAY	DK	Section Mgr, Piping Stress Analysis	\$101,957.00	\$573.00
Ont. Hydro	VILAR	J	Planning Engineer/Officer - Customer Del	\$163,835.00	\$433.00
Ont. Hydro	VODENICAROV	K	Senior Information Systems Analyst	\$102,899.00	\$481.00
Ont. Hydro	VOVES	J	Maintenance Assessor (Nuclear)	\$102,222.00	\$369.00
Ont. Hydro	VULANOVIC	M	Technical Supervisor	\$100,467.00	\$541.00
Ont. Hydro	WADDINGTON	D	Shift Maintenance Supervisor	\$105,091.00	\$1,073.00
Ont. Hydro	WALDIE	J	Technical Supervisor	\$104,158.00	\$510.00
Ont. Hydro	WALICKI	SS	Regional Line Supervisor	\$105,755.00	\$377.00
Ont. Hydro	WALKER	G	Senior Engineer/Scientist/Tech Officer	\$126,936.00	\$480.00
Ont. Hydro	WALKER	G	Maintenance Superintendent	\$113,573.00	\$489.00
Ont. Hydro	WALKER	J	Shift Operating Supervisor (Authorized)	\$117,236.00	\$555.00
Ont. Hydro	WALKER	WA	Service Mgr, Info Technology Serv.	\$147,962.00	\$66,616.00
Ont. Hydro	WALL	BC	Authorized Nuclear Operator	\$109,650.00	\$436.00
Ont. Hydro	WALLACE	A	Senior Engineer/Scientist/Tech Officer	\$103,686.00	\$530.00
Ont. Hydro	WALLACE	D	Regional Maintainer - Lines Uts Level 3	\$117,613.00	\$377.00
Ont. Hydro	WALLACE	M	Estimating Technician	\$103,177.00	\$349.00
Ont. Hydro	WALLACE	LH	Shift Operating Supervisor	\$103,142.00	\$513.00
Ont. Hydro	WALMSLEY	P	Technical Superintendent	\$110,455.00	\$600.00
Ont. Hydro	WANG	A	Business Process/SAP Specialist	\$106,673.00	\$516.00
Ont. Hydro	WARD	D	Scheduler - Customer Comm. Centre	\$104,848.00	\$2,015.00
Ont. Hydro	WARD	TJ	Shift Maintenance Supervisor	\$125,935.00	\$481.00
Ont. Hydro	WARDROP	E	Mechanical Maintainer Journeyperson	\$112,993.00	\$646.00
Ont. Hydro	WARREN	DJ	Shift Maintenance Supervisor-Multi-Funct	\$124,302.00	\$522.00
Ont. Hydro	WARREN	K	Exchng Coord - Schedule/Resource/System	\$104,534.00	\$562.00
Ont. Hydro	WATKINSON	D	Construction Technician - Civil	\$117,767.00	\$355.00
Ont. Hydro	WATSON	RW	VP, Marketing & Sales	\$118,099.00	\$4,280.00
Ont. Hydro	WATSON	TA	Mechanical Maintainer Journeyperson	\$101,626.00	\$586.00
Ont. Hydro	WATT	TR	Shift Maintenance Supervisor	\$111,140.00	\$505.00
Ont. Hydro	WATT	KC	Technician	\$105,408.00	\$371.00
Ont. Hydro	WATTERWORTH	P	Shift Supervisor	\$130,661.00	\$565.00
Ont. Hydro	WATTMAN	D	Mechanical Maintainer Journeyperson	\$104,453.00	\$502.00
Ont. Hydro	WEDDEL	KD	Mechanical Maintainer Union Trades Supv	\$111,970.00	\$419.00
Ont. Hydro	WEPPLER	B	SM, Corrective Action	\$113,257.00	\$571.00
Ont. Hydro	WEST	JA	Mgr, Eastern Territory Srvc	\$113,162.00	\$19,194.00
Ont. Hydro	WESTON	EH	Assistant Technical Engineer/Officer	\$101,443.00	\$399.00
Ont. Hydro	WHALLEY	D	Technical Superintendent	\$123,507.00	\$610.00
Ont. Hydro	WHITAKER	S	Mechanical Maintainer Journeyperson	\$104,477.00	\$379.00
Ont. Hydro	WHITMAN	D	Shift Unit Supervisor	\$105,317.00	\$354.00
Ont. Hydro	WHITNEY	GR	Plant Manager, Northwest	\$101,613.00	\$21,711.00
Ont. Hydro	WHYTE	J	First Line Manager - Operating	\$101,110.00	\$710.00
Ont. Hydro	WIENS	C	General Foreman - Mechanical	\$100,533.00	\$524.00
Ont. Hydro	WIGHTMAN	M	Senior Technical Engineer/Officer	\$109,081.00	\$460.00
Ont. Hydro	WIKARUK	DE	Construction Technician - Civil	\$115,094.00	\$349.00
Ont. Hydro	WILBEE	JJ	Executive Director, Pension Fund	\$141,797.00	\$24,859.00
Ont. Hydro	WILLIAMS	E	Technical Supervisor	\$110,268.00	\$520.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	WILLIAMS	MC	Senior Advisor, NPAG	\$109,880.00	\$43,158.00
Ont. Hydro	WILLIAMS	P	Planning Superintendent	\$120,060.00	\$570.00
Ont. Hydro	WILLIAMS	R	Shift Superintendent	\$108,141.00	\$609.00
Ont. Hydro	WILLICH	R	Mechanical Maintainer Journeyman	\$102,974.00	\$302.00
Ont. Hydro	WILLSON	I	Authorized Nuclear Operator	\$112,404.00	\$436.00
Ont. Hydro	WILSON	AM	Director, Business Support	\$118,572.00	\$51,918.00
Ont. Hydro	WILSON	DA	Shift Superintendent	\$122,018.00	\$620.00
Ont. Hydro	WILSON	DD	Manager, Strategic Market Planning	\$104,145.00	\$19,737.00
Ont. Hydro	WILSON	J	Shift Unit Supervisor	\$107,199.00	\$419.00
Ont. Hydro	WINECK	W	Plumber/Pipefitter Foreman - Const	\$116,505.00	\$5,831.00
Ont. Hydro	WINTERS	G	Shift Maintenance Supervisor-Mechanical	\$106,669.00	\$528.00
Ont. Hydro	WISE	P	Senior Inspection and Maintenance Tech	\$106,034.00	\$414.00
Ont. Hydro	WISE	RA	Manager, Legal Services Trnsmn Company	\$104,661.00	\$18,857.00
Ont. Hydro	WISEMAN	A	Shift Maintenance Supervisor-Multi-Funct	\$104,516.00	\$463.00
Ont. Hydro	WISHART	L	Regional Maintainer - Electric	\$116,064.00	\$439.00
Ont. Hydro	WISSBORN	G	Project Manager	\$111,453.00	\$539.00
Ont. Hydro	WODZAK	KP	Shift Operating Supervisor (Authorized)	\$125,016.00	\$553.00
Ont. Hydro	WOLFENDALE	R	Lead Technologist	\$106,689.00	\$440.00
Ont. Hydro	WOLFER	C	Authorized Nuclear Operator	\$104,845.00	\$436.00
Ont. Hydro	WONG	S	Information Systems Analyst	\$121,350.00	\$362.00
Ont. Hydro	WONG	EH	Field Engineer	\$139,401.00	\$500.00
Ont. Hydro	WONG	GK	Director, Year 2000 Project	\$105,160.00	\$23,720.00
Ont. Hydro	WONG	R	Senior Financial Strategist	\$104,181.00	\$13,913.00
Ont. Hydro	WONG	HH	Manager, Thermal Hydraulic Analysis	\$106,618.00	\$30,497.00
Ont. Hydro	WOOD	P	Shift Control Technician	\$100,601.00	\$374.00
Ont. Hydro	WOODS	S	Shift Superintendent	\$123,364.00	\$615.00
Ont. Hydro	WORONCHAK	A	Trades Supervisor Maintenance	\$102,190.00	\$457.00
Ont. Hydro	WORTMAN	GL	Manager, Lines & Stns Proj Mgmt	\$105,535.00	\$32,562.00
Ont. Hydro	WRIGHT	K	Shift Site Supervisor	\$101,025.00	\$361.00
Ont. Hydro	WRIGHT	M	Information Systems Analyst	\$102,246.00	\$417.00
Ont. Hydro	WRIGHT	P	Senior Technical Engineer/Officer	\$109,290.00	\$488.00
Ont. Hydro	WYBREW	G	Trades Supervisor Maintenance	\$113,419.00	\$419.00
Ont. Hydro	WYLD	J	Senior Planning Technician	\$117,535.00	\$414.00
Ont. Hydro	WYMAN	D	Shift Maintenance Supervisor-Multi-Funct	\$106,305.00	\$471.00
Ont. Hydro	WYSLOCKY	N	Protection & Control Technologist	\$100,226.00	\$392.00
Ont. Hydro	YAECK	AM	Shift Maintenance Supervisor	\$102,783.00	\$438.00
Ont. Hydro	YAM	M	Senior Information Systems Analyst	\$112,696.00	\$481.00
Ont. Hydro	YAWNEY	G	Regional Maintainer - Electric	\$116,059.00	\$523.00
Ont. Hydro	YEALLAND	RM	Mgr, Strategic Plnng & Assmnts	\$102,278.00	\$58,894.00
Ont. Hydro	YEE	A	Technical Specialist	\$109,078.00	\$525.00
Ont. Hydro	YELEKAR	A	Department Information Systems	\$102,403.00	\$516.00
Ont. Hydro	YEUNG	B	Project Mgr, GENCO Year 2000 P	\$116,031.00	\$50,407.00
Ont. Hydro	YOUNG	CM	Senior Mgr, Risk Management	\$105,759.00	\$2,137.00
Ont. Hydro	YOUNG	R	Shift Maintenance Supervisor-Multi-Funct	\$113,979.00	\$528.00
Ont. Hydro	YOUNG	TK	Director, Public Affairs	\$124,147.00	\$12,930.00
Ont. Hydro	YU	A	Mgr, Pension Administration	\$100,239.00	\$39,213.00
Ont. Hydro	YU	K	Design Engineer - Specialist	\$104,718.00	\$480.00
Ont. Hydro	YULE	R	Shift Supervisor	\$109,950.00	\$1,927.00
Ont. Hydro	ZACHARIAH	R	General Foreman - Mechanical	\$106,041.00	\$524.00
Ont. Hydro	ZADEH	H	Manager, G.R.M.C. Operations Support	\$131,077.00	\$536.00

Employer	Surname	Given Name	Position	Salary Paid	Taxable Benefits
Ont. Hydro	ZAJAC	W	Team Leader - Information Management	\$125,840.00	\$490.00
Ont. Hydro	ZAKAIB	CS	Senior Financial Advisor	\$103,734.00	\$10,338.00
Ont. Hydro	ZAKAIB	GD	Section Mgr, Primary Syst D & C	\$102,963.00	\$580.00
Ont. Hydro	ZAKRZEWSKI	G	Production Supervisor - Technical	\$102,760.00	\$516.00
Ont. Hydro	ZARUBICK	G	Shift Superintendent	\$122,240.00	\$632.00
Ont. Hydro	ZAWADA	S	Single Unit Shift Supervisor	\$131,993.00	\$583.00
Ont. Hydro	ZDYBEL	J	Shift Maintenance Supervisor-Multi-Funct	\$141,811.00	\$507.00
Ont. Hydro	ZETTEL	T	Maintenance Coordinator	\$108,146.00	\$587.00
Ont. Hydro	ZIEGLER	BE	Shift Superintendent	\$115,948.00	\$626.00
Ont. Hydro	ZIURAITIS	J	Shift Superintendent	\$119,642.00	\$626.00
Ont. Hydro	ZULIANI	CL	Financial Team Leader	\$102,866.00	\$36,510.00
Ont. Hydro	ZUSKAN	K	Supervising Encon Engineer	\$100,678.00	\$554.00

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 1999

ASSETS

	1999	1998
	\$	\$
Funds on Deposit with the Minister of Finance	<u>8,660,855</u>	<u>11,870,319</u>
	<u>8,660,855</u>	<u>11,870,319</u>

LIABILITIES & FUND BALANCE

Net Fund Balance	<u>8,660,855</u>	<u>11,870,319</u>
	<u>8,660,855</u>	<u>11,870,319</u>

See accompanying notes to Financial Statements

Approved:



Charles Anderson
Director

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FUND
FOR THE YEAR ENDED MARCH 31, 1999

	1999 \$	1998 \$
RECEIPTS		
Fee on issue or renewal of driver's licences	6,927,289	5,651,544
Repayment by debtors	2,509,500	2,809,740
Interest credited on balance in Fund as at December 31, 1998	Ø	Ø
Prior year recoveries	<u>423,017</u>	<u>384,527</u>
TOTAL RECEIPTS:	<u>9,859,806</u>	<u>8,845,811</u>
DISBURSEMENTS		
Special Purpose Payments		
Third Party Claims		
Judgments, including costs	2,669,699	4,559,170
Out-of-Court settlements	163,843	276,389
Hit-and-run cases, including costs	<u>403,201</u>	<u>716,477</u>
	<u>3,236,743</u>	<u>5,552,036</u>
Accident Benefits		
Statutory accident benefits	<u>5,910,722</u>	<u>4,609,201</u>
	<u>9,147,465</u>	<u>10,161,237</u>
Administrative Expenses		
Salaries and wages	834,718	909,829
Employee benefits	222,056	261,763
Transportation and communication Services	33,393	28,372
Claims (Solicitors' fees, etc.)	1,166,157	1,126,340
Accident benefits claims expense	797,738	825,974
Other	811,704	867,808
Supplies and equipment	<u>56,039</u>	<u>19,578</u>
	<u>3,921,805</u>	<u>4,039,664</u>
TOTAL DISBURSEMENTS:	<u>13,069,270</u>	<u>14,200,901</u>
Increase/(Decrease) in Fund during the year	(3,209,464)	(5,355,090)
Balance in Fund, on deposit with the Minister of Finance, Beginning of Year	<u>11,870,319</u>	<u>17,225,409</u>
Balance in Fund, on deposit with the Minister of Finance, End of Year	<u>8,660,855</u>	<u>11,870,319</u>

See accompanying notes to Financial Statements

MOTOR VEHICLE ACCIDENT CLAIMS FUND

NOTES TO FINANCIAL STATEMENT

1. Authority

The Motor Vehicle Accident Claims Fund (the "Fund") operates under the authority of the Motor Vehicle Accident Claims Act (the "Act"), R.S.O. 1990, Chapter M.41 as amended.

2. Fund Operations

The Fund was originally established to provide compensation to victims of motor vehicle accidents caused by uninsured or hit-and-run motorists in Ontario. Uninsured motorists were required to pay an annual fee into the Fund. However, effective March 1, 1980, with the enactment of the Compulsory Automobile Insurance Act, all motorists were required to carry compulsory third party liability insurance including uninsured motorist coverage.

The Fund continues to pay those claims occurring after March 1, 1980, up to June 22, 1990 involving:

- pedestrians who are injured by an uninsured or hit-and-run vehicle where the pedestrian is not otherwise covered by an automobile insurance policy;
- injury to uninsured passengers in an uninsured vehicle where the driver of the uninsured vehicle is at fault;
- innocent parties where two uninsured motor vehicles are involved; and
- damages to property not insured against vehicle impact (e.g. Hydro and telephone poles, highway guardrails, etc.) providing both owner and driver of the uninsured vehicle can be identified.

Effective June 22, 1990, the Insurance Statute Law Amendment Act amended the Motor Vehicle Accident Claims Act to require that the Fund also pay first-party, no-fault accident benefits in accordance with the Statutory Accident Benefits Schedule to all parties, in those residual circumstances where no automobile insurance is available. The right of subrogation, which had applied to all claims prior to June 22, 1990, now only exists on liability claims which require that a personal injury threshold be surpassed.

As was the case in pre-June 1990 cases, the Fund continues to pay property damage claims, providing both the owner and driver of the uninsured vehicle are identified, except in those instances involving two uninsured vehicles, where no property damage claims are paid.

Bill 164 an Act to amend the Insurance Act became law, effective January 1, 1994. The Fund was required to pay out an enhanced level of accident benefits as set out in the Statutory Accident Benefits Schedule ("SABS"). This change has not materially affected the volume of claims although it has affected the configuration of claims and ceiling amounts.

The Automobile Insurance Rate Stability Act 1996, became effective on November 1, 1996. This Bill changed again the configuration of claims and ceiling amounts decreasing accident benefit claim limits and expanding tort rights, while establishing disincentives for operators of uninsured vehicles.

As a result of these legislative changes since 1990, the Fund is paying out claims under four different automobile insurance systems.

3. **Statement of Fund**

Basis of Accounting

The Fund uses a cash basis of accounting which is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, certain payments incurred at year end may be reported in the following month of the new fiscal period.

Receipts

Fees consist of \$1.00 charged per year to every driver in the Province of Ontario who renews his/her driver's licence and for every new driver's licence issued. Effective April 1, 1994, Regulation 800 under the Motor Vehicle Accident Claims Act was amended to reduce this annual fee from \$1.00 to \$0.10. On July 2, 1997 the annual \$1.00 fee was reinstated.

Amounts collected on outstanding receivables are reported as receipts in the year they are collected (see below for explanation of Accounts Receivable).

Interest on the Fund is the amount credited at fiscal year end, based on calculations of the balance of the Fund at December 31. The rate of interest is determined by the Lieutenant Governor in Council, and was set at 0% effective April 1, 1993.

Special Purpose Payments

Amounts paid from the Fund to victims of automobile accidents, where there is no insurance to respond to the claim, are reported as expenditures and are broken down into claim types set out in the Motor Vehicle Accident Claims Act. These payments are legally recoverable from uninsured at-fault motorists, for all third party, liability claims.

Administrative Expenses

The administrative expenditures (e.g. Salaries, Benefits, Transportation & Communication, Services and Supplies & Equipment) are paid out during the course of the year from the Consolidated Revenue Fund. At the end of each fiscal year, the Lieutenant Governor in Council authorizes the payment out of the Motor Vehicle Accident Claims Fund, of the amount required to reimburse the Consolidated Revenue Fund for the expenses incurred in connection with the administration of the Fund.

4. Statement of Financial Position

Motor Vehicle Accident Claims Fund

As at March 31, 1999 the Motor Vehicle Accident Claims Fund reported disbursements in excess of receipts by \$3.2 million decreasing the fiscal year end Fund balance to \$8.7 million. This amount is held in a Consolidated Revenue Fund Special Purpose Account and is reported as a liability on the Statement of Financial Position of the Province of Ontario.

Accounts Receivable

The records of the Fund provide for an Accounts Receivable portfolio, compiled over the years as a result of third party claim payouts to uninsured victims. In accordance with the Motor Vehicle Accident Claims Act these payouts which become receivables, are recoverable from uninsured motorists. As of March 31, 1999, the process used to estimate the allowance for doubtful accounts was revised based on recommendations from an external consultant, invited to assess net realizable value of the receivable portfolio. The process involves an aging method modified to suit the Fund's payout process. At year end the receivables totalled \$55.5 million. The allowance for doubtful accounts is calculated to be \$32.3 million leaving a net realizable value of \$23.2 million.

Fixed Assets

The cost of Fixed Assets, consisting of furniture and equipment and alterations to premises are charged to operations in the period in which they are incurred.

Unfunded Liability

As at March 31, 1999 the Fund is contingently liable for claims in process, claims which have occurred but have not yet been reported, and the expenses required to settle the claims. Based on an actuarial valuation, the estimated payments in all future years arising from outstanding claim and claim settlement expense liability, add up to \$105.6 million. This amount includes a \$7.5 million provision for adverse deviation. Once netted against the Fund's \$8.7 million balance, and \$23.2 million in net receivables, (as per Accounts Receivable, above), this leaves an unfunded liability of \$73.7 million.

The portion of the overall \$105.6 million expected to be paid out in the 1999-2000 fiscal year is estimated to be approximately \$12.1million.

Office of the
Provincial Auditor
of Ontario



Bureau du
vérificateur provincial
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(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Provincial Judges Pension Board
and to the Minister of Finance

I have audited the statement of changes in fund balance of the Provincial Judges Pension Fund for the year ended March 31, 1999. This financial statement is the responsibility of the Fund's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations for the year then ended in accordance with the accounting policy described in note 2 to the financial statement.

Toronto, Ontario
April 30, 1999

A handwritten signature in dark ink, appearing to read 'K W Leishman'.

K.W. Leishman, CA
Assistant Provincial Auditor

PROVINCIAL JUDGES PENSION FUND
**Statement of Changes in Fund Balance
For the Year Ended March 31, 1999**

	1999 (\$000's)	1998 (\$000's)
Deposits		
Contributions		
Participants	1,959	1,775
Province of Ontario (Note 4)	9,449	8,439
Interest earned	<u>20,255</u>	<u>18,826</u>
	<u>31,663</u>	<u>29,040</u>
Payments		
Pension payments and survivor allowances	9,469	8,715
Refunds	<u>79</u>	<u>1</u>
	<u>9,548</u>	<u>8,716</u>
Net increase in the Fund	22,115	20,324
Balance on deposit with the Minister of Finance		
- beginning of year	<u>209,124</u>	<u>188,800</u>
- end of year	<u>231,239</u>	<u>209,124</u>
Contingent liability (Note 5)		

See accompanying notes to financial statement.

Approved on behalf of the Board:


Chair

PROVINCIAL JUDGES PENSION FUND**Notes to Financial Statement
March 31, 1999**

1. DESCRIPTION OF THE FUND

The Provincial Judges Pension Fund (the Fund) is administered by the Provincial Judges Pension Board as designated by Ontario Regulation 67/92, as amended, of the *Courts of Justice Act*. The following brief description of the Fund is provided for general purposes only. For more complete information, reference should be made to the Regulation.

(a) General

The purpose of the Fund is to provide pension payments to retired Provincial Judges and Masters of the Ontario Court (General Division) or survivor allowances to the dependents of these Judges and Masters.

(b) Funding Policy

Participants are required to contribute 7% of their salary to the earlier occurrence of meeting their basic service requirement or attaining age 70 years. This contribution may be apportioned by the Board to the Fund to provide for entitlements and to the Consolidated Revenue Fund toward the cost of life insurance benefits provided.

The annual contribution required of the Province is determined annually by an actuarial valuation.

(c) Pension Payments

A pension payment is available based on the age and the number of years of full-time service for which the participant has credit upon ceasing to hold office and on the salary of a full-time judge of the highest judicial rank held by the participant while in office. The participant is entitled to these payments during his/her lifetime.

(d) Disability Pension Payments

A full pension is available at age 65 for participants with a minimum of five years of full-time service who are unable to serve in office due to injury or chronic illness.

(e) Survivor Allowances

A survivor allowance equal to 60% of the pension payment is paid to the spouse during the spouse's lifetime or to children who meet the age, custody, education or disability criteria defined in section 22 of the Regulation.

(f) Death Refunds

A death refund is payable to the personal representative of a participant where there is no further entitlement to a survivor allowance. The amount of the refund is equal to the participant's contributions in the Fund plus interest, less entitlements already paid out.

(g) Withdrawal Refunds

Upon ceasing to hold office for a reason other than death, participants not eligible to receive pension payments are entitled to receive a refund of the contributions to the Fund plus interest.

PROVINCIAL JUDGES PENSION FUND

Notes to Financial Statement
March 31, 1999

1. DESCRIPTION OF THE FUND (CONTINUED)**(h) Interest Revenue**

All new money, being the excess of deposits over payments each fiscal year, earns interest at a fixed rate for 25 years which is not less than the weighted average rate on long term securities issued or guaranteed by the Province of Ontario during that fiscal year. For the 1999 fiscal year, the rate applied to the new money each month was 6.07% (1998 – 6.87%) and was credited from the end of each month to the end of the fiscal year. The weighted average interest rate applied to the fund balance at the beginning of the fiscal year was 9.65% (1998 – 9.95%).

(i) Fund Status

The Fund is not subject to the reporting requirements under the *Pension Benefits Act* and Regulations. However, the Fund has the status of a registered pension plan for income tax purposes.

(j) Escalation of Entitlements

Entitlements are adjusted annually based on changes in the Canadian Aggregate Industrial Wage as published by Statistics Canada, subject to a maximum of 7% in any one year.

(k) Pending Changes to the Fund

Amendments to the *Income Tax Act (Canada) (ITA)* limit the pension benefit payable from the Fund for post 1991 service. Cabinet has approved that benefits above the ITA limit will be provided through a separate supplementary account in the Consolidated Revenue Fund.

The terms of the Fund are being revised to comply with the requirements under the ITA, and an Order-in-Council will be required to establish the supplementary account.

Revenue Canada is aware of the status of the supplementary account.

To date, the Fund has paid out approximately \$1,931,766 which should have been paid from the supplementary account. Once the account is established, there will be a reconciliation between the account and the Fund, both of which are to be held within the Consolidated Revenue Fund.

2. SIGNIFICANT ACCOUNTING POLICY

The financial statement has been prepared on a cash basis of accounting.

3. ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the Province of Ontario.

PROVINCIAL JUDGES PENSION FUND**Notes to Financial Statement
March 31, 1999**

4. LIABILITY FOR FUTURE BENEFITS

The most recent actuarial valuation of the Fund disclosed that, as of March 31, 1998, the present value of future government contributions for pension payments and survivor allowances was \$100,649,000 (1997 - \$99,966,000). The Province contributes towards this total in amounts recommended by the actuarial valuation. For each of the years shown, the contributions were based on the previous year's valuation, the most current valuation completed at the time the contributions were made.

5. CONTINGENT LIABILITY

Approximately 118 provincial court judges appointed before 1984 have commenced action against Her Majesty the Queen in Right of the Province of Ontario, claiming that the transfer of their contributions from the Public Service Superannuation Fund (PSSF) to the Provincial Judges Pension Fund (PJPF) was not legally authorized. They claim the return of their contributions or damages to a maximum of \$200,000 each.

In December 1995 a retired provincial court judge brought an application alleging that the transfer of his contributions from the PSSF to the PJPF was not legally authorized. Two of the 118 judges in the first claim intervened in this application. The court held that the transfer was lawful.

With this unfavourable decision, it is unlikely that the 118 provincial court judges will maintain their action. Since March 1998, the judges have neither advanced their claims nor formally withdrawn them by filing Notices of Discontinuance. It is unlikely that the judges will advance their claims. However, Crown counsel has been instructed to attempt to force a formal discontinuance of the claims.

6. YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations.

Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 issue on the Provincial Judges Pension Fund with the exception of the payment system. Management will not make this system year 2000 compliant because this aspect of the operations will be handled by third party as disclosed in note 7. An assessment of the readiness of third parties, such as insurance carriers, is ongoing.

It is not possible to be certain that all aspects of the Year 2000 issue affecting the Provincial Judges Pension Fund, including those related to the efforts of third parties, will be fully resolved.

PROVINCIAL JUDGES PENSION FUND

Notes to Financial Statement
March 31, 1999

7. SUBSEQUENT EVENT

Order-in-Council 1164/99 authorized the Ontario Pension Board to enter into a service agreement to provide administrative support services in respect of the pension and benefits plan for provincial judges previously provided by Management Board Secretariat.

LOSSES DELETED FROM THE ACCOUNTS

(Under the *Financial Administration Act*)
for the year ended March 31, 1999

Ministry	\$
Finance	\$182,761,449.78
Education & Training	\$7,004,973.60
Municipal Affairs & Housing	\$971,726.11
Health	\$499,669.08
Agriculture, Food and Rural Affairs	\$460,760.73
Environment & Energy	\$457,717.32
Transportation	\$321,142.54
Economic Development, Trade & Tourism	\$269,831.90
Consumer & Commercial Relations	\$262,895.06
Natural Resources	\$182,380.28
Community & Social Services	\$93,406.41
Solicitor General & Correctional Services	\$72,598.00
Attorney General	\$30,254.01
Citizenship, Culture & Recreation	\$1,223.00
Labour	\$859.05
TOTAL MINISTRIES	\$193,390,886.87
 Ontario Development Corporations	 \$333,568.95
TOTAL WRITE-OFFS	\$193,724,455.82

REVENUE REMISSIONS OF \$1,000 OR MORE

(Under the *Ministry of Revenue Act*)
granted for the year-ended March 31, 1999

Ministry of Finance	\$
Jun Kawasaki Retail Sales Tax	2,153
Jackie Wilcox Retail Sales Tax	1,600
Edna Forde Retail Sales Tax	1,542
Elaine Pace Retail Sales Tax	1,400
Frank Bialas Retail Sales Tax	1,336
Natalie Richer Retail Sales Tax	1,249
Dolores Sorton Retail Sales Tax	1,214
Marilyn Kaneb Retail Sales Tax	1,200
Donna Solobay Retail Sales Tax	1,148
Martha Monroe Retail Sales Tax	1,074
Bruce Morrison Retail Sales Tax	1,041
Janet Goodsell Retail Sales Tax	1,040

Richard Benjamin
Retail Sales Tax

1,011

17,008

Other Remissions

A remission of *Income Tax* was granted to each individual who received an incentive grant from the Ministry of Health through its Underserviced Area Program between May 23, 1985 and December 31, 1997. The remissions are estimated at approximately \$2,000,000, affecting approximately 600 individuals.



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